

Referrals
9-5-17

**PLANNING AND
ECONOMIC
DEVELOPMENT
STANDING
COMMITTEE**



CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT



COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 908
DETROIT, MICHIGAN 48226
(313) 224-6380 • TTY: 711
(313) 224-1629
WWW.DETROITMI.GOV

August 18, 2017

Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Ave., Suite 1340
Detroit, MI 48226

Re: Request for Public Hearing to Approve an Obsolete Property Rehabilitation Certificate on behalf of Charlotte Innovation Center, LLC, in the area of 456 Charlotte, Detroit, Michigan, in accordance with Public Act 146 of 2000 (Petition #1488).

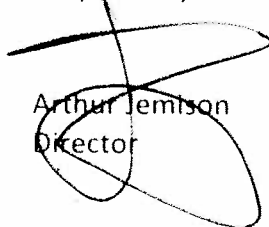
Honorable City Council:

The Planning & Development and Finance Departments have reviewed the application of **Charlotte Innovation Center, LLC** and find that it satisfies the criteria set forth by P.A. 146 of 2000 and would be consistent with development and economic goals of the Master Plan.

Public Act 146 of 2000 states that the legislative body of the qualified local governmental unit, shall by resolution either approve or disapprove the application for an Obsolete Property Rehabilitation Exemption Certificate in accordance with Section 8 and other provisions of this act. Prior to acting upon a resolution to recommend approval, a public hearing must be held, and the City Clerk must provide written notice of the public hearing to the assessor and to the governing body of each taxing unit that levies an ad valorem tax within the eligible district.

We request that a Public Hearing be scheduled on the issue of approving the application for the Obsolete Property Rehabilitation Certificate. Attached for your consideration, please find a resolution establishing a date and time for the public hearing.

Respectfully submitted,



Arthur Jemison
Director

AJ/db

cc: S. Washington, Mayor's Office
M. Cox, PDD
D. Bolton, HRD



BY COUNCIL MEMBER _____

WHEREAS, pursuant to Public Act No. 146 of 2000 ("the Act") this City Council may adopt resolution which approves the application of an Obsolete Property Rehabilitation Certificate within the boundaries of the City of Detroit; and

WHEREAS, **Charlotte Innovation Center, LLC** has made application for an Obsolete Property Rehabilitation Certificate whose boundaries are particularly described in the map and legal description attached hereto; and

WHEREAS, prior to such approval, the City Council shall provide an opportunity for a Public Hearing, at which Public Hearing on such adoption of a resolution providing such tax exemption, at which Public Hearing representatives of any taxing authority levying *ad valorem* taxes within the City, or any other resident or taxpayer of the City of Detroit may appear and be heard on the matter.

NOW THEREFORE BE IT

RESOLVED, that on the _____ 2017 in the City Council Committee Room, 13th floor, Coleman A. Young Municipal Center, a Public Hearing be held on the above described application and be it finally

RESOLVED, that the City Clerk shall give notice of the Public Hearing to the general public and shall give written notice of the Public Hearing by certified mail to all taxing authorities levying an *ad valorem* tax within the City of Detroit.



CITY OF DETROIT
FINANCE DEPARTMENT
BOARD OF ASSESSORS

COLLINS A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 824
DETROIT, MICHIGAN 48226
PHONE 313•224•6989 TTY: 311
FAX 313•224•9400
WWW.DETROITMI.GOV

August 16, 2017

Maurice Cox, Director
Planning & Development
2 Woodward Ave, Suite 808
Detroit, MI 48226

RE: **Obsolete Property Rehabilitation Certificate**

Address: 456 Charlotte

Parcel Numbers: 02000675-7.

Dear Mr. Cox:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation certificate application for the property located at **456 Charlotte**.

The rationale for granting Obsolete Property Rehabilitation certificates under PA 146 of 2000, as amended, is based on the anticipation of increased market value upon completion of new construction and /or significant rehabilitation of existing commercial property and commercial housing property. Normal repair and maintenance are not assessed and do not necessarily generate additional market value.

Charlotte Innovation Center LLC plans to redevelop the property into a restaurant and brewery to manufacture and market in the wholesale and retail distribution of craft beers. The property is 14,316 square foot, one-story and two-story vacated retail building on .654 acres of land. The property is located just north of the "Arena District" and the location is in close proximity to the cultural, retail, housing and dining areas in Midtown.

The 2017 values are:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
02000675-7	456 Charlotte	\$ 105,700	\$ 62,463	\$ 18,600	\$ 10,992

This property meets the criteria set forth under PA 146 of 2000, as amended. It applies to blighted, functionally obsolete and contaminated properties. "Rehabilitation," meaning that changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition.

Rehabilitation will include exterior repair, reconstruction of the front entrance, window replacement, reconfiguration of floor plans, and replacement of plumbing, mechanical and electrical along with abatement of lead paint and asbestos. The finished project will provide positive impact on rental rates and create additional density to attract more development to the area just north of the Arena District area.

State Tax Commission (STC) has determined that the proposed developer may proceed with obtaining local approval of the issuance of the certificate prior to acquiring title to the property, but that the certificate would be held in abeyance by the STC pending submission of proof of ownership.



Obsolete Property Rehabilitation Certificate
Charlotte Innovation Center LLC
Page 2

A field investigation indicated that the property located at **456 Charlotte** is eligible as it pertains to the Obsolete Property Rehabilitation Act under P.A. 146 of 2000, as amended.

Sincerely,

A handwritten signature in black ink that reads "Scott T. Vandemergel". The signature is written in a cursive, flowing style.

Scott Vandemergel, MMAO
Assessor, Board of Assessors

mmp



Obsolete Property Rehabilitation Certificate
Charlotte Innovation Center LLC
Page 3

Address: 456 Charlotte

Parcel Number: 0200675-7

Legal Description: N CHARLOTTE 22,23,24 BLK 85--PLAT PT CASS FARM L1 P172 PLATS, W C R 2/72 150 X 190



CITY OF DETROIT
CIVIL RIGHTS, INCLUSION AND OPPORTUNITY
Decision Regarding Employment Clearance for Tax Abatement

August 24, 2017

Tax Abatement Type: Public Act 146
New ☒ Renewal ☐

Requesting Agency: Housing and Revitalization Department
Real Estate/Development Division
Fax: 313-628-2054

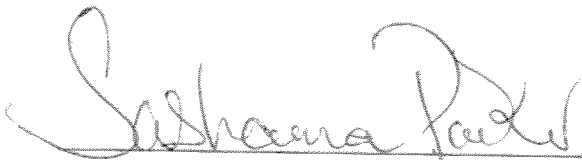
Parcel/Facility Address: 456 Charlotte

Applicant/Recipient: Charlotte Innovation Center LLC

Contact: Cari Easterday
(313) 420-6000

The above Applicant/Recipient has provided the Human Rights Department required information in accordance with specific current and future employment data and commitments as part of a tax abatement agreement with the City of Detroit.

Therefore my signature below grants Conditional Approval of the above tax abatement application/renewal based upon annual reports to and appraisals by this agency of the recipient's employment measures projected and achieved for the duration of the abatement.



Tashawna Parker
Civil Rights, Inclusion and Opportunity

8/24/17
Date

City of Detroit
CITY COUNCIL
COUNCIL PRESIDENT BRENDA JONES

INCENTIVE INFORMATION CHART:

Project Type	Incentive Type	Investment Amount	District
Retail Rehabilitation	PA 146	\$5,834,493	5

Jobs Available							
Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
3		30	5	12	90		

1. What is the plan for hiring Detroiters?

Post Public Announcement (April)

General posting on **www.foundersbrewing.com**

- a. Currently reviewing resumes and organizing based on roles candidates are interested in
- b. Will begin prescreening qualified candidates via phone in July
- c. Depending on position of interest, FBC to schedule interviews in Detroit, GR, or invite candidates open interviews in September/October

Local Detroit Outreach

FBC to host public job fairs at The Masonic Temple

- a. *September 7, 8, 9* (9a-7p) – Open to all applicants. FBC to provide applications and conduct 1st round interviews of candidates.
- b. *October 2 & 3* (10a-7p) – Scheduled second/final interviews for candidates we are interested in from round 1.

Media Strategy

FBC Social Media to highlight retail positions available in Detroit featuring current employee testimony – beginning August 2017

Post dates and time for Job fairs publicly via social channels beginning August 7, and continue until job fair dates listed.

FBC PR team to connect with local media to publish Job Fair details.

Placement Goals

40% of positions filled by city of Detroit residents

2. Please give a detailed description of the jobs available as listed in the above chart, i.e: job type, job qualifications, etc.

Professional positions include all management and administrative related positions that require degrees and/or extensive experience in the industry. Non-professional positions include positions that require a GED or high school diploma. The positions range from wait and kitchen staff and support to maintenance to clerks.

3. Will this development cause any relocation that will create new Detroit residents?

No.

4. Has the developer reached out to any community groups to discuss the project and/or any potential jobs?

The developer is a Community Development Corporation that will work in concert with Founders to assist in identifying employees.

5. When is construction slated to begin?

July 2017

6. What is the expected completion date of construction?

December 2017

*Please contact Linda Wesley at (313) 628-2993 or wesleyl@detroitmi.gov to schedule a date to attend the Skilled Trades Task Force.



#1488

August 15, 2017

Detroit City Clerk
C/O State Tax Commission
Coleman A. Young Municipal Building
2 Woodward Avenue, Room 200
Detroit, Michigan 48226

**RE: *Petition for approval of an Obsolete Property Rehabilitation
Certificate for 456 Charlotte, Wayne County, Michigan.***

Dear City Clerk:

Attached to this cover letter you will find the Application for Obsolete Property Rehabilitation (OPRA) Exemption Certificate submitted by Midtown Detroit Inc. (MDI) on behalf of Charlotte Innovation Center LLC, for the property located at 456 Charlotte. Two additional copies are enclosed for the State Commission as called for on the application.

Thank you for your time and consideration of this request. Please feel free to contact me at (313) 420 -6000 or via email at smosey@midtowndetroitinc.org should you require any additional information in order to proceed.

Sincerely,

A handwritten signature in black ink, appearing to read "DLH", is written over a circular stamp or seal.

David Laurence Howell
Director of Real Estate and Asset Management

cc: Kenyetta Bridges, DEGC

Application for Obsolete Property Rehabilitation Exemption Certificate

This form is issued as provided by Public Act 146 of 2000, as amended. This application should be filed after the district is established. This project will not receive tax benefits until approved by the State Tax Commission. Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the State Tax Commission.

INSTRUCTIONS: File the original and two copies of this form and the required attachments with the clerk of the local government unit. (The State Tax Commission requires two copies of the Application and attachments. The original is retained by the clerk.) Please see State Tax Commission Bulletin 9 of 2000 for more information about the Obsolete Property Rehabilitation Exemption. The following must be provided to the local government unit as attachments to this application: (a) General description of the obsolete facility (year built, original use, most recent use, number of stories, square footage); (b) General description of the proposed use of the rehabilitated facility; (c) Description of the general nature and extent of the rehabilitation to be undertaken; (d) A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility; (e) A time schedule for undertaking and completing the rehabilitation of the facility; (f) A statement of the economic advantages expected from the exemption. A statement from the assessor of the local unit of government, describing the required obsolescence has been met for this building, is required with each application. Rehabilitation may commence after establishment of district.


Applicant (Company) Name (applicant must be the OWNER of the facility) Charlotte Innovation Center LLC		
Company Mailing address (No. and street, P.O. Box, City, State, ZIP Code) 3939 Woodward, Suite 100, Detroit, Michigan 48201		
Location of obsolete facility (No. and street, City, State, ZIP Code) 456 Charlotte, Detroit, Michigan 48201		
City, Township, Village (indicate which) City of Detroit		County Wayne
Date of Commencement of Rehabilitation (mm/dd/yyyy) September 1, 2017	Planned date of Completion of Rehabilitation (mm/dd/yyyy) 12/31/2017	School District where facility is located (include school code) 82010 - Detroit Public Schools
Estimated Cost of Rehabilitation \$5,834,493.00	Number of years exemption requested 12	Attach Legal description of Obsolete Property on separate sheet
Expected project likelihood (check all that apply): <input checked="" type="checkbox"/> Increase Commercial activity <input type="checkbox"/> Retain employment <input checked="" type="checkbox"/> Revitalize urban areas <input checked="" type="checkbox"/> Create employment <input type="checkbox"/> Prevent a loss of employment <input type="checkbox"/> Increase number of residents in the community in which the facility is situated Indicate the number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment 156		
Each year, the State Treasurer may approve 25 additional reductions of half the school operating and state education taxes for a period not to exceed six years. Check the following box if you wish to be considered for this exclusion. <input checked="" type="checkbox"/>		

APPLICANT'S CERTIFICATION

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all of the information is truly descriptive of the property for which this application is being submitted. Further, the undersigned is aware that, if any statement or information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

The applicant certifies that this application relates to a rehabilitation program that, when completed, constitutes a rehabilitated facility, as defined by Public Act 146 of 2000, as amended, and that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.

It is further certified that the undersigned is familiar with the provisions of Public Act 146 of 2000, as amended, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisites to the approval of the application by the local unit of government and the issuance of an Obsolete Property Rehabilitation Exemption Certificate by the State Tax Commission.

Name of Company Officer (no authorized agents) Cari Easterday	Telephone Number (313) 420-6000	Fax Number (313) 420-6200
Mailing Address 3939 Woodward, Suite 100, Detroit, Michigan 48201		Email Address ceasterday@midtowndetroitinc.org
Signature of Company Officer (no authorized agents) 		Title Chief Financial Officer

LOCAL GOVERNMENT UNIT CLERK CERTIFICATION

The Clerk must also complete Parts 1, 2 and 4 on Page 2. Part 3 is to be completed by the Assessor.

Signature 	Date application received
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FOR STATE TAX COMMISSION USE		
Application Number 	Date Received 	LUCI Code

LOCAL GOVERNMENT ACTION

This section is to be completed by the clerk of the local governing unit before submitting the application to the State Tax Commission. Include a copy of the resolution which approves the application and instruction items (a) through (f) on page 1, and a separate statement of obsolescence from the assessor of record with the State Assessor's Board. All sections must be completed in order to process.

PART 1: ACTION TAKEN

Action Date: _____		
<input type="checkbox"/>	Exemption Approved for _____ Years, ending December 30, _____ (not to exceed 12 years)	
<input type="checkbox"/>	Denied	
Date District Established	LUCI Code	School Code

PART 2: RESOLUTIONS (the following statements must be included in resolutions approving)

<p>A statement that the local unit is a Qualified Local Governmental Unit.</p> <p>A statement that the Obsolete Property Rehabilitation District was legally established including the date established and the date of hearing as provided by section 3 of Public Act 146 of 2000.</p> <p>A statement indicating whether the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under Public Act 146 of 2000 and under Public Act 198 of 1974 (IFT's) exceeds 5% of the total taxable value of the unit.</p> <p>A statement of the factors, criteria and objectives, if any, necessary for extending the exemption, when the certificate is for less than 12 years.</p> <p>A statement that a public hearing was held on the application as provided by section 4(2) of Public Act 146 of 2000 including the date of the hearing.</p> <p>A statement that the applicant is not delinquent in any taxes related to the facility.</p> <p>If it exceeds 5% (see above), a statement that exceeding 5% will not have the effect of substantially impeding the operation of the Qualified Local Governmental Unit or of impairing the financial soundness of an affected taxing unit.</p> <p>A statement that all of the items described under "Instructions" (a) through (f) of the Application for Obsolete Property Rehabilitation Exemption Certificate have been provided to the Qualified Local Governmental Unit by the applicant.</p>	<p>A statement that the application is for obsolete property as defined in section 2(h) of Public Act 146 of 2000.</p> <p>A statement that the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District.</p> <p>A statement that the application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of Public Act 146 of 2000 and that is situated within an Obsolete Property Rehabilitation District established in a Qualified Local Governmental Unit eligible under Public Act 146 of 2000 to establish such a district.</p> <p>A statement that completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated. The statement should indicate which of these the rehabilitation is likely to result in.</p> <p>A statement that the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(f) of Public Act 146 of 2000.</p> <p>A statement of the period of time authorized by the Qualified Local Governmental Unit for completion of the rehabilitation.</p>
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PART 3: ASSESSOR RECOMMENDATIONS

Provide the Taxable Value and State Equalized Value of the Obsolete Property, as provided in Public Act 146 of 2000, as amended, for the tax year immediately preceding the effective date of the certificate (December 31st of the year approved by the STC).

Taxable Value		State Equalized Value (SEV)	
Building(s)			
Names of Governmental Unit	Date of Action on application	Date of Statement of Obsolescence	

PART 4: CLERK CERTIFICATION

The undersigned clerk certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way. Further, the undersigned is aware that if any information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

Name of Clerk	Clerk Signature	Date	
Clerk's Mailing Address	City	State	ZIP Code
	Telephone Number	Fax Number	Email Address

Mail completed application and attachments to: Michigan Department of Treasury
State Tax Commission
P.O. Box 30471
Lansing, Michigan 48909-7971

If you have any questions, call (517) 373-2408.

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.

ANNUAL EMPLOYMENT REPORT

Current Daily Employment Before Abatement and Upon/After Abatement's Anniversary

Reporting Date: July 27, 2017

Applicant complete columns A thru D or E by job types for workers located only at facility/parcel under tax abatement. Detroit workers must have verifiable ID & addresses on file with employer for review. This report evidences your commitment or achievement to overall full time employment as stated in tax abatement agreement.

<u>Job # & Types</u> If a job below is not appropriate for abated location put NA in Column A	<u>A</u> Total # All Employees Currently	<u>B</u> Total # Detroit Residents Employed	<u>C</u> Percent of DR Employed	<u>D</u> Total # Employees Employer Committed To	<u>E</u> Annual Deficit or Surplus
1) Executives	0	0	0	0	0
2) Managers/Supervisors	0	0	0	0	0
3) Professionals	0	0	0	0	0
4) Technicians	0	0	0	0	0
5) Sales Workers	0	0	0	0	0
6) Office/Clerical	0	0	0	0	0
7) Craft Workers/Skilled	0	0	0	0	0
8) Operatives Semi Skilled	0	0	0	0	0
9) Laborers Unskilled	0	0	0	0	0
10) Service Workers	0	0	0	0	0
11) Apprentices	0	0	0	0	0
12) Trainees	0	0	0	0	0
Overall	0	0	0	0	0

The Annual # of Voluntary + Involuntary Separations = _____

Company: Charlotte Innovation Center LLC

Parcel/Facility Address: 456 Charlotte, Detroit Michigan

Authorized Representative Print Cari Easterday

Title CEO Phone: 313-420-0558

Signature [Signature], Date 7/27/17

HRD Below

Employer met or did not meet full time employee goals of agreement for the previous year.
Yes No

HRD Staff: _____

DETROIT RESIDENT ANNUAL HIRING REPORT

This Report Is Prior to Abatement Approval Dated: _____ or
Is for an Annual Anniversary Report Period From: _____ To: _____

Applicant complete columns A only or A thru D by job types for new hires located only at facility/parcel under tax abatement. Detroit resident employees must have verifiable ID & addresses on file with employer for review. This report evidences your commitment or achievement in new Detroit resident (DR) hiring.

<u>Job # & Types</u> If job below is not appropriate for location put NA in Column A	<u>A</u> # of DR's Employer Is Committed To Employing	<u>B</u> Total # New Employees Hired	<u>C</u> Total # New Detroit Residents Hired	<u>D</u> Actual New DR Hiring Percentage Achieved C/B	<u>HRD</u> Only
1) Executives					
2) Managers/Supervisors	4				
3) Professionals					
4) Technicians					
5) Sales Workers					
6) Office/Clerical					
7) Craft Workers/Skilled					
8) Operatives Semi Skilled					
9) Laborers Unskilled					
10) Service Workers	36				
11) Apprentices					
12) Trainees					
Overall	40				

Applicant agrees to use Good Faith Efforts to fulfill the initial New DR Hiring Goals (Column A) above throughout the term of tax abatement. Further it is agreed that any change in DR Hiring Goals must be agreed too and approved in advance by HRD to take effect.

Company: Charlotte Innovation Center LLC

Parcel/Facility Address: 456 Charlotte Detroit Michigan 48201

Authorized Representative Print Cari Easterday

Title CFO Phone: 313-420-0558

Signature [Signature], Date 7/27/17

HRD Below

Approved Further Explanation/Changes Needed Note Attached

HRD Director

(If No Detroit Residents write none)

Page 1 of

10

This report is used to verify Detroit resident ID & address during the annual site visit

For organization's convenience a similar form can be made as long as the info is consistent with above!

Title: CP

Phone:

313420-058

**OBSOLETE PROPERTY REHABILITATION EXEMPTION CERTIFICATE
AGREEMENT**

THIS AGREEMENT ("Agreement"), by and between the City of Detroit ("City"), a Michigan municipal corporation acting by and through its Planning & Development Department with an office at 2 Woodward Avenue, Suite 808, Detroit, MI 48226 and Charlotte Innovation Center LLC ("Applicant") with an office at 3939 Woodward Avenue, Suite 100, Detroit, MI 48201 is made this 27 day of July, 2017.

WITNESSETH:

WHEREAS, Public Act 146 of 2000 as amended, also known as the Obsolete Property Rehabilitation Act ("Act"), (1) provides for the establishment of obsolete property rehabilitation districts by local governmental units, (2) provides for the abatement or exemption from certain taxes for qualified obsolete property owners, and (3) allows local governmental units to levy and collect a specific tax from the owners of an obsolete property, among other provisions; and

WHEREAS, the Applicant has submitted an Application for Obsolete Property Rehabilitation Exemption Certificate ("Application") for the property located at: 456 Charlotte Street, Detroit, Michigan ("Property"). A copy of the Application is attached hereto as Exhibit A and made a part hereof; and

WHEREAS, the City has previously approved an obsolete property rehabilitation district pursuant to the Act and the Property is located in such district; and

WHEREAS, the Applicant shall complete a Rehabilitation of the Property and the Applicant shall hire or retain a certain amount of full time employees within the City of Detroit during the term of the OPREC; and

WHEREAS, the City has approved the Application by adopting a resolution granting the Obsolete Property Rehabilitation Exemption Certificate ("OPREC"), pending approval also by the Michigan State Tax Commission. A copy of the City resolution granting the OPREC is attached hereto as Exhibit B and made a part hereof; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

I. General.

- a. Unless earlier revoked as provided for in Section 12 of the Act, being MCL 125.2792, or as provided for in this Agreement, the OPREC term and the term of this Agreement shall be for a period of Twelve (12) years beginning on the certificate beginning date stated in the OPREC issued by the Michigan State Tax Commission.
- b. The Applicant will complete the Property "Rehabilitation" as defined in the Act and as set forth in the Application by 12/31/2017.

- c. The Applicant shall create, or cause to be created, at least One Hundred & Two (102) full time employees at the Property within two (2) years of the effective date of the Agreement.
- d. The Applicant will take action to recruit and hire City of Detroit residents in accordance with specified targets as set forth in an initial City of Detroit Resident Employment Plan ("Employment Plan") submitted by the Applicant to the City and approved by the Human Rights Department as part of the OPREC application process. The Employment Plan shall be updated or modified annually throughout the term of this Agreement.
- e. For purposes of this Agreement, a "full-time employee" is defined as a person: 1) who is employed by the Applicant or its affiliates on a salary, wage, commission, or other basis, for a minimum period of forty (40) hours a week and 2) from whose compensation the Applicant or its affiliates, including a staffing agency, are required by law to withhold City of Detroit income taxes. Affiliates may include Applicant's tenant(s) that lease space at the Property.

2. Applicant Representations.

In compliance with the Act and intending to induce the City to grant an OPREC to the Applicant, the Applicant represents that:

- a. The Applicant is the owner of the Property at the time of the Application.
- b. The Property is an "Obsolete Property" as defined under the Act.
- c. The Property will not include property to be used as a professional sports stadium.
- d. The Property will not include property to be used, owned or operated by a casino or affiliated company as defined in the Act.
- e. The project would not have been considered without an OPREC.
- f. Rehabilitation of the Property was not started prior to establishment of the obsolete property rehabilitation district for which the Property sits.
- g. There are no delinquent taxes owed on the Property.
- h. The Applicant will pay any applicable taxes on the Property as they become due.
- i. The Rehabilitation and operation of the Property is in compliance with the City of Detroit Zoning Ordinance and Master Plan.
- j. If Rehabilitation of the Property will result in the provision of commercial housing, the Applicant must agree to Fair Housing Practices that meet guidelines set forth by the U.S. Fair Housing Act (42 U.S.C. 3601 through 3619).

3. Prevailing Wage Requirements.

Pursuant to Section 18-5-65 of the Detroit City Code, Conditions for tax abatement, the Applicant agrees that it is receiving tax abatements under the OPREC for the Property and, therefore, the Application shall pay, or cause to be paid, prevailing wages on all construction work performed on the Property.

4. Community Benefits Requirements.

Pursuant to City of Detroit Ordinance 35-16 ("Ordinance"), also known as the Community Benefits Ordinance, if the Property involves a Tier 2 Development Project as defined by the Ordinance, then the Applicant shall:

- a. Partner with the City, and when appropriate, a workforce development agency to promote the hiring, training and employability of Detroit residents consistent with State and Federal Law.
- b. Partner with the Director of the Planning & Development to address and mitigate negative impact that the Tier 2 Development Project may have on the community and local residents. Applicant shall adhere to those mitigation requirements, if any, stated in the attached Addendum 1 – 4. b. Requirements, which is incorporated herein by reference.

5. Reporting by the Applicant to the City.

Applicant agrees to provide the City with sufficient information, which is subject to review and audit by the City, in order to determine compliance with this Agreement. At a minimum, the Applicant shall provide the City with the following during the OPREC term:

- a. Upon request, the Applicant shall provide the Planning & Development Department copies of all construction plans, building permits and certificates of occupancy related to Rehabilitation of the Property. These documents, along with periodic site visits to the Property by the City, will serve to establish whether the Applicant is making the Rehabilitation to the Property as required by the Act and this Agreement.
- b. Within two (2) weeks after the first year of the OPREC term and for each year thereafter, Applicant shall submit to the Planning & Development Department a certified status report ("Status Report") signed by an authorized officer of the Applicant. The Status Report shall set forth for the previous year: 1) the Rehabilitation work completed at the Property and the Applicant's financial investment in the Property for that year and 2) the number of full-time employees at the Property for that year.
- c. Within two (2) weeks after the first year of the OPREC term and for each year thereafter, Applicant shall submit to the Human Rights Department an updated Employment Plan on forms acceptable to the City.

- d. During any construction on the Property for the term of the OPREC, the Applicant shall report monthly to the Human Rights Department with copies of certified payroll information for such construction in order for the City to verify that Prevailing Wages have been paid.
6. Revocation of OPREC and Termination of Agreement.

The City may, in its sole discretion and by resolution of Detroit City Council, revoke the OPREC if the City finds that the completion of Rehabilitation of the Property has not occurred within the time authorized by the City in this Agreement or within a duly authorized extension of that time, or that the Applicant has not proceeded in good faith with the operation of the rehabilitated Property in a manner consistent with the purposes of the Act and in the absence of circumstances that are beyond the control of the Applicant.

Good faith efforts include, but are not limited to, the following: 1) Applicant is actively working with an agency or City Department to hire and ascertain methods of recruiting and employing Detroit residents, and 2) Applicant is actively working with the Detroit Economic Growth Corporation and the City's Planning & Development Department to ascertain methods of obtaining available resources to improve Applicant's business in a manner that will allow for compliance with this Agreement.

7. Payment of Exempted Taxes for Shortfall of Employment.

If the average number of full-time employees at the Property for any given year is less than the number of full-time employees set for in Section 1. c. above, the Applicant agrees to pay the City, in addition to the Obsolete Properties Tax due under the OPREC on the Property, an amount equal to the difference between the amount of ad valorem tax otherwise due on the Property without the OPREC, and the amount of Obsolete Properties Tax due on the Property under the OPREC, for that given year, multiplied by a fraction, the numerator of which is the shortfall in the number of full-time employees indicated in the Status Report, and the denominator of which is the total number of full-time employees set forth in Section 1. c. above. Prior to taking any action to require the Applicant to pay an amount to the City in addition to the Obsolete Properties Tax pursuant to this Section, the City must afford the Applicant an opportunity to present at a public hearing reasons for the employment shortfall.

In the event that the Applicant fails to report the number of full-time employees at the Property for a given year in either the Status Report or Employment Plan, the number of full-time employees at the Property for purposes of this Section shall be deemed zero (0).

8. Notice to City of Discontinuance of Operations.

If during the term of the OPREC the Applicant discontinues operations at the Property, the Applicant will take affirmative steps to provide thirty (30) day prior written notice of such shutdown of operations to the Director of the Planning & Development Department.

9. Reservation of Remedies.

The City and the Applicant agree that each of the rights and remedies provided by this Agreement may be exercised separately or cumulatively, and shall not be exclusive of any other rights and remedies provided by law. Invalidation of any of the provisions contained in the Agreement by operation of law, judgment, court order or otherwise shall not invalidate any of the other provisions of the Agreement.

10. Transfer.

The OPREC may be transferred and assigned by the Applicant to a new owner of the Property if the City, in its sole discretion, approves transfer of the OPREC after application by the new owner. For purposes of this Section, a transfer of the Property shall include any sale of the Property or any lease of more than fifty percent (50%) of the total usable space of the Property for a period longer than five (5) years.

11. Headings.

The headings contained in this Agreement are for descriptive purposes only, and do not alter or govern the substantive content of the provisions of the Agreement.

IN WITNESS WHEREOF, the City and the Applicant, by and through their authorized officers and representatives, have executed this Agreement as follows:

APPLICANT:

Charlotte Innovation Center LLC

BY: [Signature]

Print: Susan T. Mosley

ITS: [Signature]

CITY OF DETROIT

PLANNING & DEVELOPMENT DEPT.

BY: _____

Print: _____

ITS: _____

**THIS AGREEMENT IS NOT EFFECTIVE OR VALID UNTIL AN OBSOLETE
PROPERTY REHABILITATION CERTIFICATE IS APPROVED BY THE MICHIGAN
STATE TAX COMMISSION**

ADDENDUM 1

4. b. Requirements

EXHIBIT A

Application for Obsolete Property Rehabilitation Exemption Certificate

EXHIBIT B

**Detroit City Council Resolution
Granting the Obsolete Property Rehabilitation Exemption Certificate**

AFFIDAVIT

The undersigned swear, affirm and attest the following:

1. That we understand that the local governmental unit's fee for applications for tax abatement shall not exceed the actual cost incurred by the local governmental unit in processing the application, or 2% of total property tax abated under this act for the term that the obsolete property rehabilitation certificate is in effect, whichever is less. A local government unit shall not charge an applicant any other fee under this act.
2. That the cost to the City of Detroit in processing an average tax abatement application under the Public Act 146 is approximately \$1800.
3. That 2% of the estimated total taxes abated, if **Charlotte Innovation Center LLC** current tax abatement application is approved, will be greater than \$1800.00
4. That **Charlotte Innovation Center LLC** was charged by the City of Detroit, and paid, a filing fee of \$1800.00 in connection with its application for tax abatement under Public Act 146. No other fee or charge was made, or will be made, by the City of Detroit in connection with the application.
5. That no payment of any kind in excess of the fee allowed by the Act, as amended, has been made or promised in exchange for favorable consideration of an exemption certificate.

Planning and Development Department
City of Detroit

Date

Name and Title
Detroit Innovation District Fund L3C

Date

RESOLUTION OF CORPORATE AUTHORITY

I, Elise Fields, Assistant Secretary of Charlotte Innovation Center LLC, a Michigan limited liability company ("the Company") do hereby certify that the following is a true and correct excerpt from the minutes of the meeting of the Board of Directors duly called and held on February 23rd, 2017 and that the same is now in full force and effect:

"Resolved, that the Chairperson, Vice Chairperson, President, the Vice-President, the Treasurer, the Secretary the (name other officer(s), if applicable) Susan T. Mosey and each of them, hereby is authorized to execute and deliver, in the name and on behalf of the Company and under its Corporate Seal; or otherwise, any agreement or other instrument or document in connection with any matter of transaction that shall have been duly approved: the execution and delivery of any agreement, document, or other instrument by any such officers to be conclusive evidence of such approval."


I further certify that William Decatur is Chairperson of the Board and that Anne Beck is Vice Chairperson, that N/A is President, And that N/A, is (are) Vice Presidents, and that George Stewart is Treasurer and that Elliot Broom, is Secretary, and N/A is (are) (name other officer(s) N/A.

I further certify that any of the aforementioned officers, of the Company are authorized to execute or guarantee and commit the Company to the conditions, obligations, stipulations, and undertakings contained in the Agreement entered into between the City of Detroit and the Company for the One Hundred Forty Four (144) month term for an Obsolete Property Rehabilitation Exemption Certificate and that all necessary corporate approvals have been obtained in relationship thereto.

In witness thereof, I have set my hand this 17th day of July, 2017.

CORPORATE SEAL

Signature


Corporate Secretary
Assistant

City of Detroit
CITY COUNCIL
COUNCIL PRESIDENT BRENDA JONES

INCENTIVE INFORMATION CHART:

Project Type	Incentive Type	Investment Amount	District
Retail Rehabilitation	PA 146	\$5,834,493	5

Jobs Available							
Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
3		30	5	12	90		

1. What is the plan for hiring Detroiters?

Post Public Announcement (April)

General posting on **www.foundersbrewing.com**

- a. Currently reviewing resumes and organizing based on roles candidates are interested in
- b. Will begin prescreening qualified candidates via phone in July
- c. Depending on position of interest, FBC to schedule interviews in Detroit, GR, or invite candidates open interviews in September/October

Local Detroit Outreach

FBC to host public job fairs at The Masonic Temple

- a. *September 7, 8, 9* (9a-7p) – Open to all applicants. FBC to provide applications and conduct 1st round interviews of candidates.
- b. *October 2 & 3* (10a-7p) – Scheduled second/final interviews for candidates we are interested in from round 1.

Media Strategy

FBC Social Media to highlight retail positions available in Detroit featuring current employee testimony – beginning August 2017

Post dates and time for Job fairs publicly via social channels beginning August 7, and continue until job fair dates listed.

FBC PR team to connect with local media to publish Job Fair details.

Placement Goals

40% of positions filled by city of Detroit residents

2. Please give a detailed description of the jobs available as listed in the above chart, i.e: job type, job qualifications, etc.

Professional positions include all management and administrative related positions that require degrees and/or extensive experience in the industry. Non-professional positions include positions that require a GED or high school diploma. The positions range from wait and kitchen staff and support to maintenance to clerks.

3. Will this development cause any relocation that will create new Detroit residents?

No.

4. Has the developer reached out to any community groups to discuss the project and/or any potential jobs?

The developer is a Community Development Corporation that will work in concert with Founders to assist in identifying employees.

5. When is construction slated to begin?

July 2017

6. What is the expected completion date of construction?

December 2017

*Please contact Linda Wesley at (313) 628-2993 or wesleyl@detroitmi.gov to schedule a date to attend the Skilled Trades Task Force.

EXHIBIT A

Legal Description of Land

Land situated in the City of Detroit, Wayne County, Michigan, being more particularly as follows:

N Charlotte 22,23,24 Blk 85--Plat Pt Cass Farm L1 P172 Plats, W C R 2/72 150 X 190

Commonly known as: 456 Charlotte

Tax ID: 02000675-7

March 10, 2017

Detroit City Council
C/O City Clerk
Coleman A. Young Municipal Building
2 Woodward Avenue, Room 200
Detroit, Michigan 48226

**RE: *Petition for the establishment of an Obsolete Property Rehabilitation District for 456
Charlotte, Wayne County, Michigan.***

Honorable City Council:

Please accept this letter as a request to your Honorable Body to consider approval for the establishment of a PA 146 of 2000 - Obsolete Property Rehabilitation Development District for the property located at 456 Charlotte, and is referred to herein as the ("Property"). The Property is to be redeveloped as a Brewery and Restaurant totaling 14,316 Square Feet.

Project Description

The developer of the Property is Detroit Innovation District Fund LLC; a Michigan low-profit limited liability company ("Developer"). The legal entity is jointly owned in equal interest of 50% by Midtown Detroit Inc. and Invest Detroit. The Developer has entered into a Purchase and Sale Agreement ("Agreement") with the Property's current owner. Upon closing, the Developer will transfer title to the Property to a "to-be-formed" Single Purpose Entity LLC. The Agreement is attached hereto and transfer of the asset is expected to occur on or before April 15, 2017.

The Developer is proposing to redevelop the 14,316 SF, one story building and enter into a 5 Year lease with a well-branded and substantially capitalized Brewery and Restaurant. The tenant will manufacture, market and engage in the wholesale and retail distribution of a wide variety of craft beers. The tenant will also own and operate a full service restaurant that will feature its craft beers. The Letter of Intent to lease the Property is attached hereto. As mentioned, the Property is located at 456 Charlotte which is between two east and west thoroughfares, Cass Avenue and Second Avenue. The immediate surrounding area has not yet experienced the level of redevelopment activity realized north of the Property. However, the Property is strategically located just north of the Arena District and will certainly benefit from the redevelopment of the area. Additionally, the location is in close proximity to cultural, retail, housing and dining options in Midtown.

The surrounding area is in the revitalization phase and the redeveloped Property will have a positive impact on rental rates, create additional density and attract more development to the immediate area.

The redeveloped building will assist in addressing the growing demand for more retail orientated sustainable development. The Developer has selected a development team for the proposed redevelopment project that is experienced in design, construction, and operation of commercial real estate, particularly in urban areas.

The Necessity for Tax Relief

Due to the significant financial investment required to reposition and rehabilitate the Property, an abatement of property taxes is requested under the Obsolete Property Rehabilitation Act. The rehabilitation that is proposed cannot be undertaken without a receipt of abatement. The property is non-operational and the space has been vacant for many years. The Developer will effectuate significant improvements, including the following: masonry repair; extensive tuck pointing; reconstruction of the front entrance; replacement of windows and sills; reconfiguration of floor plans; replacement of the plumbing and HVAC systems; replacement of electrical systems; extensive repairs to interior walls, floors, and ceilings; upgrades and repairs to the heating system; abatement of lead paint and asbestos.

The cost of rehabilitation will require debt and equity financing from various sources along with available eligible incentives. In order to secure this financing the operating costs of the Property need to be kept as low as possible (including property taxes). Moreover, the rental rates in the area remain below levels that justify the costs of renovation that can be facilitated with traditional debt and equity sources.

The Project is located in the low-income Census Tract 5204, where 49.8% of the population lives at or below the poverty line. Due to the current economic conditions of this transition area, the projected lower value revenue streams of the development project, high acquisition costs, and low land appraisal values, the annual operating expenses must be decreased through a property tax freeze to create a financially feasible development project.

Tax Abatement Request - Economic Advantages of the Rehabilitation

The Developer is requesting 12-year OPRA abatement and a Personal Property Tax Exemption for the same term of 12 years. This proposed rehabilitation Project will reposition a vacant, non-performing asset in the Midtown Submarket. As mentioned, the surrounding area is in the revitalization phase and the redeveloped property will have a positive impact on rental rates, create additional density and attract more development to the immediate area. The redeveloped Property will address the growing demand for more retail orientated sustainable development. Additional benefits to the Community are as follows:

Section 3 Compliance: Commitment to Hire Local

The Developer has selected a general contractor, ROK Construction Services that will follow Section 3 practices as part of this development project in order to ensure employment preference is given to low- and very low-income persons or businesses residing in Midtown.

Counter Disinvestment

The Project will renovate an under-utilized building in an effort to mitigate blight and spur redevelopment in Midtown. The renovation project will provide much needed retail oriented development to the neighborhood, increase density, and create a pedestrian - oriented environment in Midtown.

Promote Community Revitalization

This Project offers a tremendous opportunity to re-invigorate an area of Midtown that has not yet experience a significant level of development activity and provide a renovated facility supporting the

recent nearby investments. Furthermore, the Project will add a new commercial option, increase foot traffic, create employment opportunities for Detroiters, create density and improve "foot traffic" and contribute to an increase in overall safety for nearby residents.

Project Eligibility

The current condition of the Property allows for classification as functionally obsolete, defined in Michigan Act 381 of 1996, as "the property is unable to be used adequately to perform the function for which it was intended due to substantial loss in value." The properties are also classified as a facility and blighted by the same act. The buildings are not currently being utilized to their highest and best use. The loss in value has resulted primarily from the following items:

The current floor plans are obsolete and must be reconfigured to meet the demand for additional modern retail orientated space. Moreover, the major building systems (e.g., heating/cooling, electrical and plumbing, windows) must be replaced due to out-of-date and inefficient conditions.

As mentioned, the Developer will provide significant improvements, including the following: masonry repair; extensive tuck pointing; reconstruction of the front entrance; replacement of windows and sills; reconfiguration of floor plans; expansion and replacement of the plumbing system; replacement of electrical systems; extensive repairs to interior walls, floors, and ceilings; upgrades and repairs to the heating system; abatement of lead paint and asbestos.

Project Timeline

Renovation is planned to commence within 3 months of the Certificate Approvals and will be complete within 12 months of the Certificate Approvals.

Project Investment

The Developer is committed to investing approximately \$1.9 Million of renovation upgrades to the Property, plus additional tenant improvement upgrades made by the tenant. The Developer anticipates the proposed Project will create approximately 15 to 25 construction-related jobs and at completion, approximately 15 to 30 permanent full-time employment (FTE) positions.

Property Ownership

Detroit Innovation District Fund LLC has entered into an Agreement with the current property owner to purchase the property for \$1.8 Million. Closing is to occur on or before April 1, 2017.

Legal Description

Parcel ID: 02000675-6

Legal Description: Lots 22, 23, and 24, Block 85, of PLAT OF THE CASS FARM, according to the plat thereof as recorded in Liber 1 of Plats, page 172, Wayne County records.

Thank you for your time and consideration of this request. Please feel free to contact me at (313) 420 - 6000 or via email at smosey@midtowndetroitinc.org should you require any additional information in order to proceed.

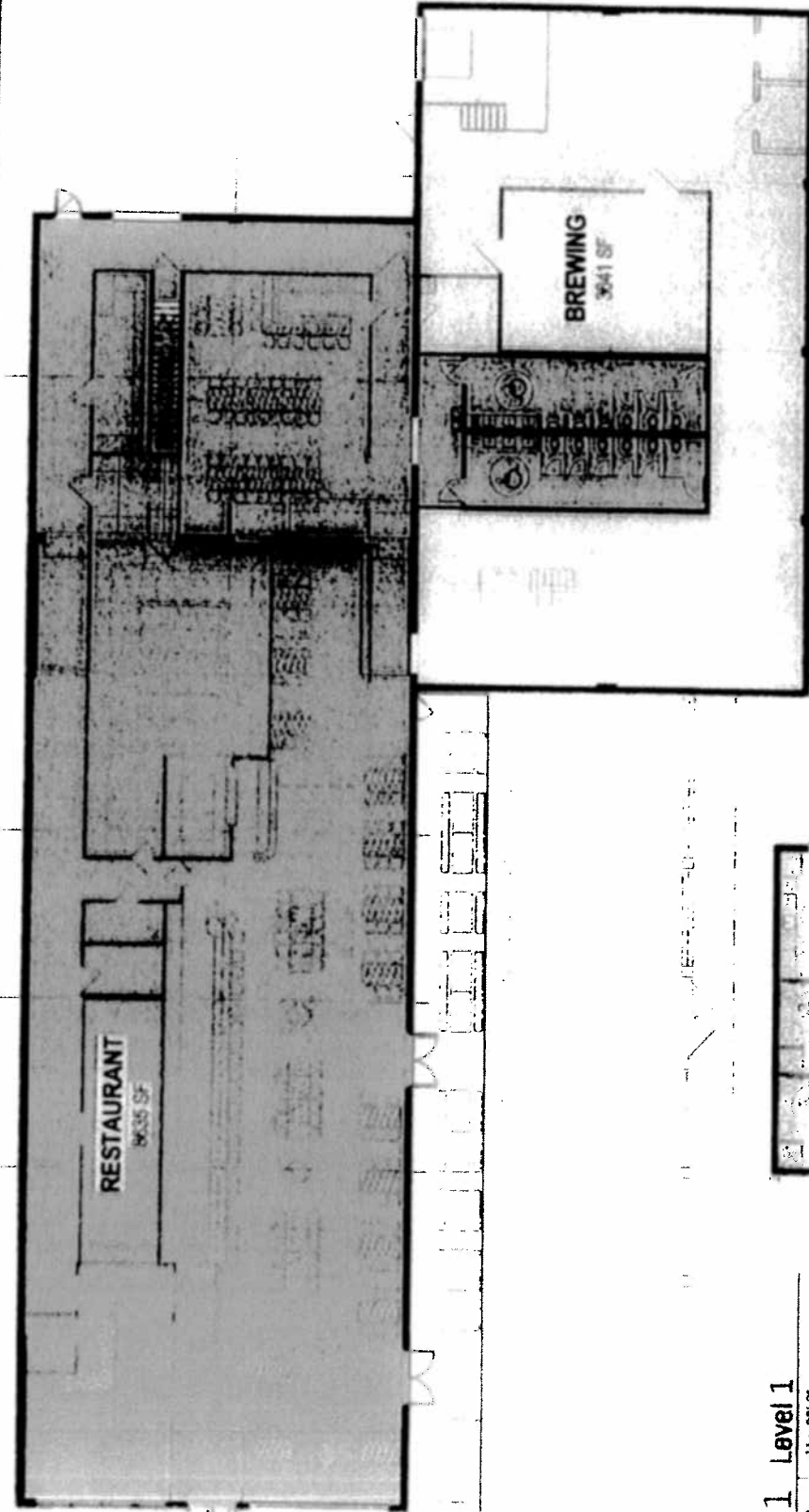
Sincerely,

A handwritten signature in black ink, appearing to read "Susan T. Mosey", with a stylized flourish at the end.

Susan T. Mosey

cc: Kenyetta Bridges, DEGC

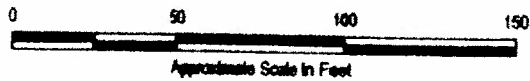
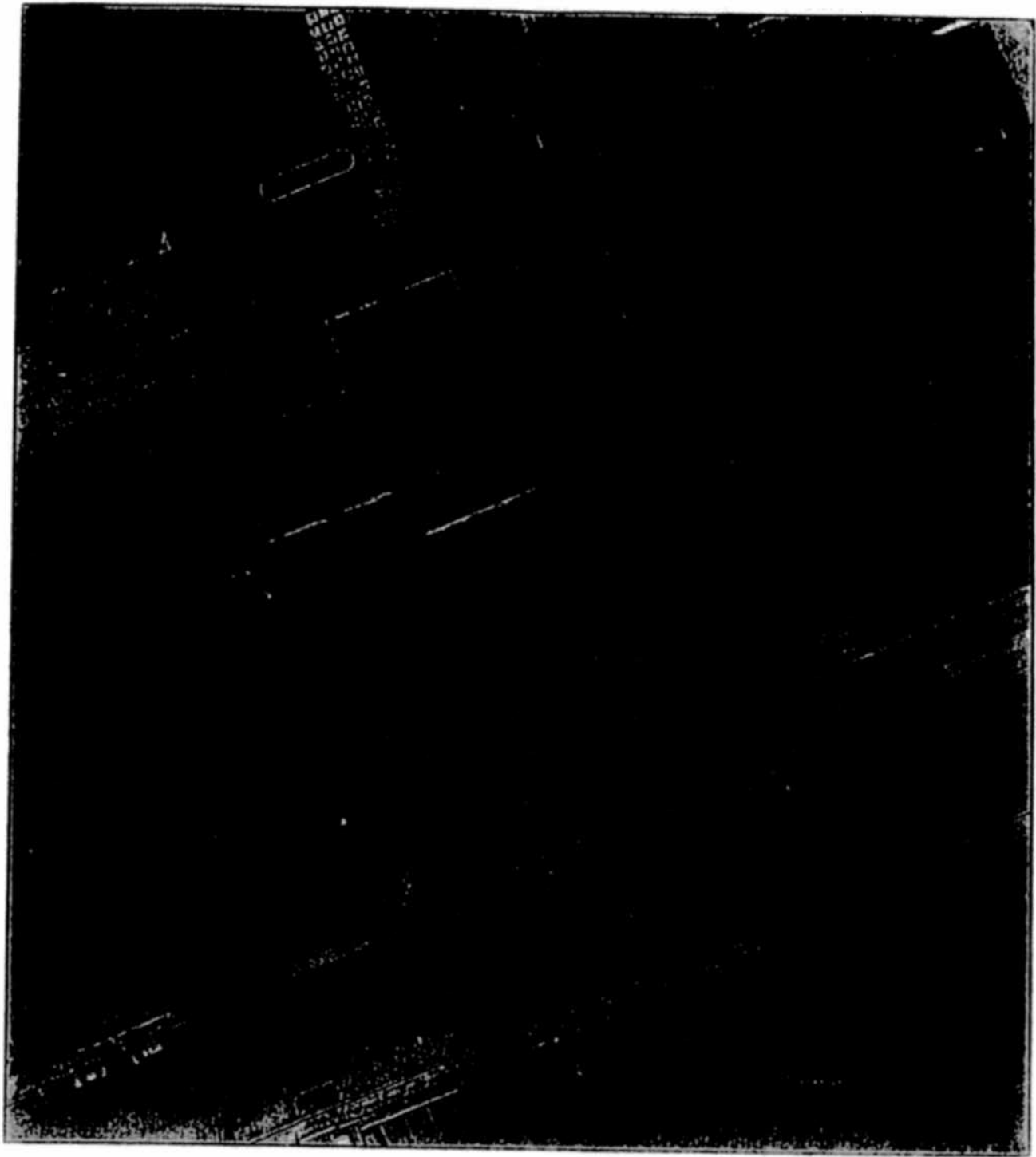
cc: Dinah Tyus, P&DD



1 LEVEL 1
SK1 1" = 20'-0"



2 LEVEL 2
SK1 1" = 20'-0"



LEGEND

- Property Line
- Parcel Line

Vacant Building

456 Charlotte St., Detroit, MI

Created for: Detroit Innovation District Fund, L3C

ASTI Project 9938, JMD, December 13, 2016

ASTI
Environmental



Site Features Map

PHOTO LOG
456 Charlotte Street, Detroit, Michigan

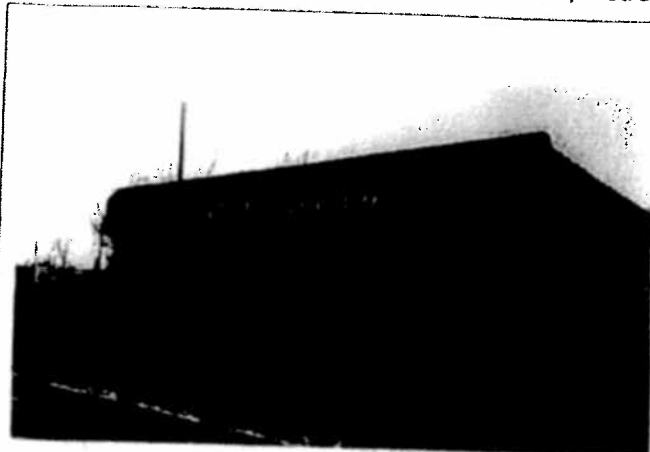


Photo 1. The subject building,
facing north



Photo 2. The Property, facing north



Photo 3. The east side of the
Property, facing south

PHOTO LOG
456 Charlotte Street, Detroit, Michigan



Photo 4. The north side of the Property and adjacent alley

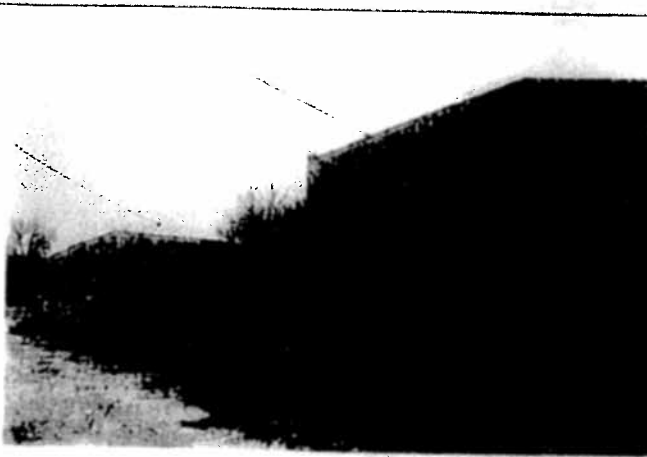


Photo 5. The enclosed bay-door area on the northwest portion of the Property

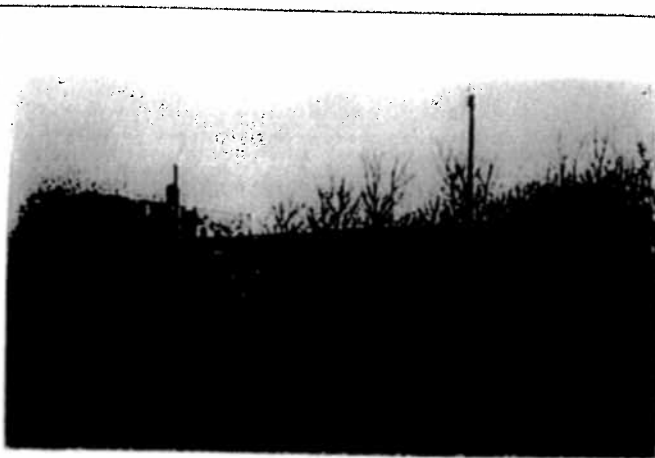


Photo 6. The west side of the subject building

PHOTO LOG
456 Charlotte Street, Detroit, Michigan



Photo 7. The interior storage area that was formerly retail



Photo 8. The staining below the mini excavator



Photo 9. The drain near the mini excavator and the limits of the identified staining

PHOTO LOG
456 Charlotte Street, Detroit, Michigan



Photo 10. The second floor office area

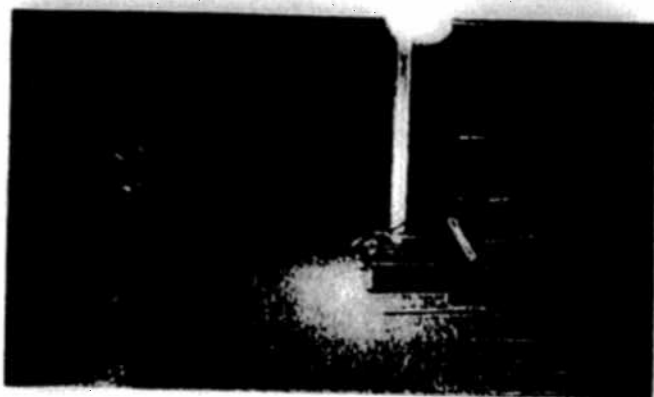


Photo 11. A storage area in the north side of the subject building



Photo 12. The west adjacent alley and one of the adjoining buildings that is beyond it (left side of photo)

PHOTO LOG
456 Charlotte Street, Detroit, Michigan



Photo 13. Another west adjoining building

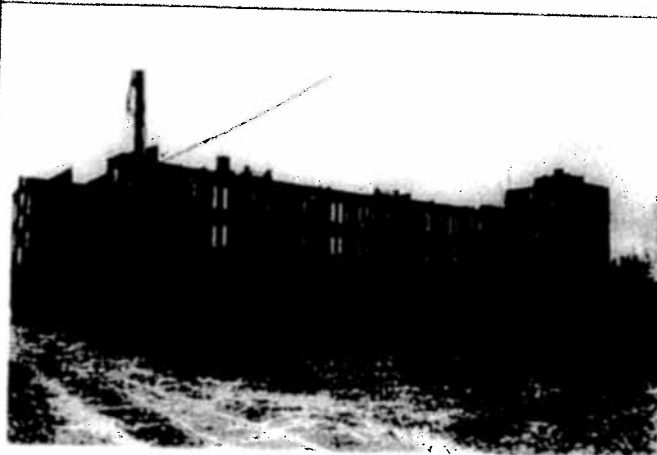


Photo 14. The north adjoining parking lot and apartments



Photo 15. The west adjoining vacant lot

PHOTO LOG
456 Charlotte Street, Detroit, Michigan

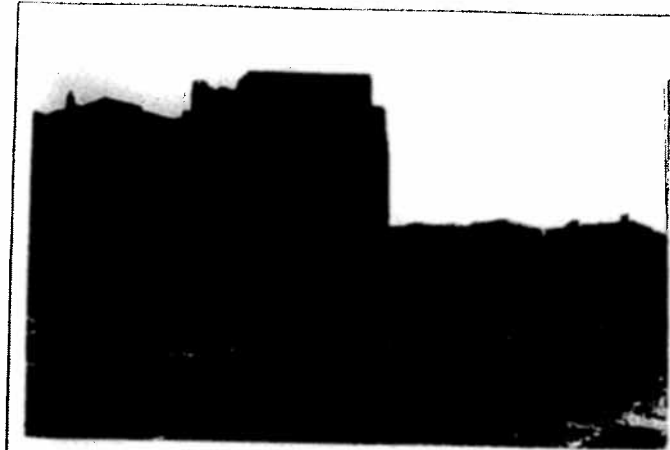


Photo 16. The south adjoining parking lot

Detroit Innovation District Fund, L3C is under contract to acquire a building located at 456 Charlotte, Detroit, Michigan (the "Building") and is willing to do so through its wholly owned subsidiary Entity to be named LLC, and to consider leasing space for your client, an entity to be named ("Tenant"), based on the following terms and conditions.

Although the proposal set forth in this letter ("Letter of Intent") does not reflect all of the terms of a definitive lease agreement, I believe it sets forth the information necessary to permit us to proceed to a final agreement. With the foregoing as background, the following is an outline of our proposal.

All terms and conditions are subject to Landlord's review and approval of the Tenant's financial statements.

1. **LANDLORD:** Detroit Innovation District Fund, L3C or Entity to be formed
3939 Woodward Avenue
Suite 100
Detroit, MI 48201
2. **TENANT:** Canal Street Brewing Co., LLC
235 Grandville Ave, SW
Grand Rapids, MI 49503
3. **GUARANTORS:** Corporate
4. **DEMISED PREMISES:** Approximately 14,364 square feet of rentable square feet of floor area, located in the Building and adjacent Land as depicted on the attached Exhibit A ("Building Floor Plan").
5. **USE/CONTINGENCIES:** The Demised Premises shall be used and occupied only for restaurant service, food service and onsite beer brewing and serving and all ancillary uses related to these activities permitted by the Michigan Liquor Control Commission ("MLCC") pursuant to Tenant's MLCC license, and for no other purposes without the prior written consent of Landlord. Tenant and Landlord shall use their collective reasonable efforts to procure, at Tenant's sole expense, any permits, zoning approvals, licenses, certificate of occupancy or other governmental approvals or authorizations required for Tenant's specific use and occupancy of the Demised Premises or the transaction of business and the operation of any equipment in the Demised Premises, and not solely as a tenant of the Building. Notwithstanding the foregoing, the parties acknowledge that the zoning of the Premises is currently for residential (and limited non-residential) uses which do not include the operation of a brewery/tap room/restaurant. Landlord has begun the process of seeking re-zoning of the Premises to permit such intended uses, and Tenant will cooperate with Landlord in connection with such efforts. Landlord will also help Tenant obtain any other City of Detroit approvals (including any resolutions of the City

Commission and Health Department) (collectively, and along with the rezoning, the "Detroit Approvals") which may be necessary to enable Tenant to obtain any MLCC, TTB and Department of Agriculture licenses or permits (Collectively, "Alcohol Approvals") it may require to operate as a brewery/taproom.

Landlord and Tenant acknowledge there are several city and state approvals required for the Tenant to use the Building as intended defined as Zoning Variance, State of MI CRP Grant, Property Tax Abatement, Building Permits and Health Department Approval and Liquor Commission Licensing. To the extent such approvals cannot be obtained by dates to be mutually agreed upon in the Lease in good faith, both parties agree the Lease may be terminated by Tenant. In addition, Tenant shall have the right to terminate the Lease in the event that it is not satisfied with the results of any environmental site assessments that it might undertake (which assessments shall be at Tenant's sole cost and expense).

6. **TERM:**

Five (5) Years with three (3) five (5) year renewal options.

7. **BASE RENT:**

The base rent ("base rent") during the Term of the Lease shall be:

Year 1 - \$14.00 PSF

Year 2 - \$14.14 PSF

Year 3 - \$14.28 PSF

Year 4 - \$17.00 PSF

Year 5 - \$17.51 PSF

Base rent shall escalate by three percent (3%) annually after the fifth year of the Lease term.

The base rent payable under the Lease shall be net to Landlord, so that the Lease shall yield to Landlord the net base rent specified during the Term, and that, except as otherwise expressly provided in the Lease, all costs, expenses and obligations of every kind and nature whatsoever relating to the Building and Land shall be paid by Tenant.

8. **ADDITIONAL RENT:**

Operating Expenses and Taxes: Except for those maintenance, repair and replacement obligations of the Landlord more fully described in Section 15, Tenant shall pay, directly or as additional rent, (a) the cost to keep the Building and land in good maintenance, condition, and repair, reasonable wear and tear excepted; provided, however, that unless necessitated by the acts or negligence of Tenant, its agents, employees or invitees, Tenant shall not be responsible for the cost of any repairs or

replacements properly categorized as capital improvements defined as such in accordance with generally accepted accounting principles (specifically including the replacement of the HVAC, plumbing and electrical systems serving the Premises, structural or building system repairs or replacements, or sidewalk or parking lot replacements), all of which shall be the obligation of Landlord and (b) all taxes, special and general assessments, water rents, rates and charges, sewer rents and other governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary (collectively "Taxes"), levied, assessed or imposed upon or for or with respect to the Building and land, which shall or may during the Term become due and payable, together with all interest and penalties thereon; provided, however, that if any Taxes are payable in installments, then such installments shall be paid over the longest schedule permitted by the municipality and Tenant shall only be responsible for payment of those installments (or the prorated portion thereof) coming due during the term.

Utilities: Tenant shall, during the Term, as additional rent, directly pay and discharge when due, all charges for water, sewer, steam, heat, gas, hot water, electricity, light and power, and other service or services furnished to the Building and land.

10. **INSURANCE:**

Tenant shall procure and maintain during the Term, at its own expense, (i) commercial general liability insurance with limits of not less than \$1,000,000 for damages resulting from one occurrence and \$2,000,000 for property damages occurring in, on or about the Demised Premises, with umbrella coverage of not less than \$5,000,000, which limits may be increased by Landlord from time to time to conform to the minimum amounts of liability insurance being required by sophisticated landlords for leases of property being used for purposes the same as or similar to Tenant's use of the Demised Premises; (ii) special form property and casualty insurance, including theft, vandalism and malicious mischief, written at full replacement cost value and with full replacement cost endorsement, covering all of Tenant's personal property in the Demised Premises (including, without limitation, all inventory, trade fixtures, floor coverings, furniture and other personal property) and all alterations and improvements made to the Demised Premises by Tenant; (iii) loss of rents insurance covering rent under the Lease for a period of at least twelve (12) months; and (iv) during the period of any construction or renovation or alteration of the Demised Premises, special form builder's risk insurance in an amount equal to the contemplated cost of such construction, renovation or alteration.

All such insurance required to be maintained by Tenant shall be issued by companies rated A or better by Best's Key Rating guide for property and liability companies with a Best's Financial Size Rating of Class IX and which are otherwise reasonably satisfactory to Landlord, and shall be subject to deductibles satisfactory to Landlord and any mortgagee and

shall otherwise be in form and substance satisfactory to Landlord and any mortgagee. Tenant shall keep all such insurance in force during the Term and shall deliver the policies or copies thereof to Landlord prior to the Delivery Date and renewals thereof as required shall be delivered to Landlord at least thirty (30) days prior to the expiration of such insurance.

11. IMPROVEMENTS:

Landlord shall act as Construction Manager for Tenant for the building out the Demised Premises through a standard AIA Agreement. Tenant and Landlord shall jointly develop plans and specifications for the building out of the Demised Premises attached to the Lease as an exhibit (the "Improvements"). Landlord shall be responsible for \$1,867,320 of the cost of such Improvements and Tenant shall be responsible for all other Improvement costs. All design and architectural costs shall be borne by the parties in proportion to the amount each is obligated to fund the Improvements. Each party shall be required upon approval of the construction contract to provide evidence to the other party of such party's ability to fund its obligations hereunder. As construction invoices are received, Landlord and Tenant shall pay the same in proportion to their respective obligations to pay for the Improvements. Prior to the commencement of work on the Improvements, Landlord must provide to Tenant an SNDA acceptable to Tenant (from each lender to the Landlord) pursuant to which (i) Tenant, if it is not in default under the Lease, shall have the right to continue to occupy the Demised Premises pursuant to the terms of the Lease in the event of any Landlord default with its lenders, and (ii) Landlord's lenders acknowledge and consent to Tenant's option to purchase the Demised Premises.

12. PROJECT SCHEDULE:

The parties shall agree upon a project schedule that shall be attached as an Exhibit to the Lease. Landlord shall deliver the Demised Premises to Tenant upon the completion of the Improvements and Tenant has received its Alcohol and City Approvals (the "Delivery Date"). It is anticipated that the Delivery Date will be on or about January 31, 2018.

13. BASE RENT AND NET CHARGES COMMENCEMENT:

The Term of the Lease and the requirement of Tenant to perform all of its obligations under the Lease, including without limitation, the payment of additional rent and all net charges due and payable to Landlord, shall commence on the Delivery Date.

14. LANDLORD'S REPAIR AND MAINTENANCE:

Landlord shall, at all times during the Term at its expense, keep and maintain or cause to be kept and maintained (including replacements), the roofs, walls, foundations and other structural elements of the Building and land, in good repair and condition;

provided, however, that Landlord shall not be required to keep and maintain in good repair and condition any portion of the Building or land damaged by Tenant, its agents, contractors or employees. Landlord shall also perform, or be responsible for the cost to perform any repairs or replacements to the Building or land properly categorized as capital improvements defined in accordance with generally accepted accounting principles for costs in excess of \$5,000. For purposes of clarity, such \$5,000 sum is an aggregate sum, and after Tenant has paid \$5,000 worth of capital improvements, in the aggregate, Landlord shall be responsible for all capital improvements thereafter.

15. **TENANT'S REPAIR AND MAINTENANCE:**

Tenant shall, at all times during the Term, keep and maintain or cause to be kept and maintained (including replacements), all aspects of the Demised Premises of every kind, type and nature that are not the responsibility of Landlord, including, without limitation, landscaping and parking lot maintenance, all electrical, gas, water, HVAC, sanitary sewer, storm sewer, life safety and other mechanical or utility systems serving the Demised Premises.

16. **OPTION TO PURCHASE:**

Provided Tenant is not in default under the Lease at the time of exercise of its option, Tenant shall have an option to purchase the Demised Premises beginning on the first day of the third (3rd) year of the Term and lasting until the day immediately preceding the final day of the Term, at a purchase price in an amount equal to the greater of (1) fair market value based on an independent appraisal (less the amount paid by Tenant for Improvements (and any capital improvements during the term of the Lease)) or (2) the actual documented amount paid by Landlord for the acquisition of the Demised Premises and Improvements, less any amounts amortized or deducted by Landlord.

Tenant shall be responsible for all closing costs associated with the purchase of the Demised Premises by Tenant pursuant to the foregoing options other than the discharge of liens securing Landlord's financing, including but not limited to, title company fees, attorney fees, transfer taxes and recording charges. Tenant shall be required to provide Landlord with written notice of its intent to exercise either of the foregoing options to purchase no later than one hundred eighty days (180) days prior to the date on which the transfer of title to the Demised Premises is desired to occur and in no event later than six (6) months prior to the end of the Term or the option shall be void and of no further effect.

17. **ASSIGNMENT/SUBLETTING:**

Tenant may not assign, transfer, mortgage or encumber its rights under the Lease or sublease (in whole or in part or parts) or permit any other person or entity to use or occupy the Demised Premises without Landlord's prior written consent, which consent will not be unreasonably withheld.

Landlord shall not unreasonably withhold its consent to the proposed sublease, provided that Tenant provides a copy of the proposed sublease agreement, financial statements of the proposed sublessee, and the identity of any beneficial owners of such sublessee to Landlord for Landlord's review prior to the Tenant and Landlord executing the Lease. Consent by Landlord to the proposed sublease or any other assignments, transfers, mortgages, encumbrances or sublettings shall not operate as a waiver of Landlord's right to approve any subsequent assignment, transfer, mortgage, encumbrance or subletting. Tenant shall remain liable for the performance and observance of all of the obligations and covenants of Tenant under the Lease, notwithstanding any such assignment, transfer, mortgage, encumbrance or subletting, whether or not consented to by Landlord.

18. **GUARANTY:**

Guarantors shall provide to Landlord an unconditional joint and several guaranty of the obligations of Tenant under the Lease.

19. **BUILDING SIGNAGE:**

Tenant shall have the right to install retail signage on the exterior of the Demised Premises; provided, however, that Landlord gives its written approval of any such signage prior to the installation on the exterior of the Demised Premises, which approval shall not be unreasonably withheld or delayed. Tenant will be responsible at its sole cost and expense for the installation and maintenance of all such signage. All signage shall be approved and permitted according to all laws, rules, ordinances regulations and agencies, with such cost being the sole responsibility of Tenant; provided, however, that Landlord shall assist Tenant in such matters in connection with its assistance in obtaining Detroit Approvals.

20. **LEASE DOCUMENT:**

As soon as reasonably practicable after the mutual acceptance of the terms and conditions of this Letter of Intent by both Tenant and Landlord, the parties shall enter into good faith negotiations with respect to a definitive lease document ("Lease") and other appropriate documentation.

21. **BROKERAGE:**

Each party represents and warrants that the only brokerage fee to be paid by Landlord is for \$63,000 to Chris Muller a broker for M Retail.

22. **NON-BINDING:**

Except for the confidentiality provisions below, this Letter of Intent summarizes the basic business terms and conditions upon which the Demised Premises would be leased by Landlord to Tenant but does not constitute a legally binding agreement between the parties hereto and does not purport to be inclusive of all of the terms and conditions relating to the transaction described herein. If the parties fail to execute a formal Lease evidencing all of the terms and conditions of the proposed transaction within thirty (30) days after the date of full execution

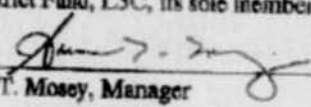
of this Letter of Intent by both Landlord and Tenant, this Letter shall terminate and neither party shall have any obligations or liabilities whatsoever to the other party under this Letter of Intent. Neither party shall disclose any non-public information about the other party to any person or entity other than those of its employees, officers or agents who need to know such information in order to participate in the planning of the project and the negotiation of the Lease ("Representatives"). Each party shall be liable for any failure of its Representatives to maintain the confidentiality of such information. The foregoing restrictions also apply with respect to the existence and nature of the discussions among the parties, the identities of the parties and their agents, the potential nature of the Lease and any other matters arising out of the transactions contemplated hereby. Any press releases and/or any information or communication required for the Detroit Approvals or Alcohol Approvals shall be jointly discussed, prepared and/or agreed upon by the parties.

If the foregoing meets with your approval, please indicate your acceptance by executing both copies of this letter where indicated below and returning one executed copy to my attention.

Sincerely,

Detroit Innovation District Fund, LLC, its sole member

By:

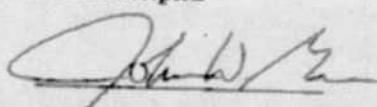

Susan T. Mossey, Manager

Date:

2/22/17

Approved and Accepted

By:



Date:

2/22/17

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT (this "Agreement") is made and entered into as of the Effective Date, as defined in Paragraph 27 below, by and between **456 CHARLOTTE**, a Michigan limited liability company, whose address is 3138 Cass Avenue, Detroit, Michigan 48201 ("Seller"), and **DETROIT INNOVATION DISTRICT FUND, L3C**, a Michigan low-profit limited liability company, on behalf of an entity to be formed, whose address is 3939 Woodward Ave., Suite 100, Detroit, MI 48201 ("Purchaser").

RECITALS:

A. Seller is the owner of certain parcels of real property (the "Land") located in the City of Detroit, Wayne County, Michigan, as more fully described in Exhibit "A" attached hereto and made a part hereof, commonly known as 456 Charlotte Street, together with the building and all other structures and improvements on, above or below the Land, and all fixtures owned by Seller attached to, a part of or used in connection with the improvements, structures, buildings, facilities, walkways, ramps and other appurtenances relating to the Land (collectively the "Improvements"). The Land and the Improvements, together with all of Seller's right, title and interest in and to all licenses, permits and franchises issued with respect to the development, use, occupancy, maintenance or operation of the Land and Improvements, all right, title and interest, if any, of Seller in and to any land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining the Land to the center line thereof, all easements appurtenant to the Land, including, but not limited to, privileges or rights of way over adjoining premises inuring to the benefit of the Land, or the fee owner thereof, and all rights of use, air, mineral and subsurface rights, servitudes, licenses, tenements, hereditaments and appurtenances now or hereafter belonging to the foregoing are hereinafter sometimes collectively referred to as the "Property".

B. Seller desires to sell the Property to Purchaser, and Purchaser desires to purchase the Property from Seller, all upon the terms and subject to the conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and intending to be legally bound, Seller and Purchaser agree as follows:

1. Agreement of Sale. Purchaser hereby agrees to purchase from Seller and Seller hereby agrees to sell to Purchaser, the Property for the Purchase Price, as defined herein, and on the terms and conditions as hereinafter set forth.

2. Purchase Price. The total purchase price for the Property is Two Million Five Hundred Thousand 00/100 Dollars (\$1,800,000.00) (the "Purchase Price"). The Purchase Price shall be paid at Closing, as defined herein, by cash, certified check or other immediately available funds to Seller.

3. Earnest Money. Purchaser shall, within three (3) business days after the Effective Date, deposit the sum of Fifty Thousand and 00/100 Dollars (\$50,000.00) (the "Deposit") with Seller. The Deposit shall be credited to the Purchase Price at Closing, as defined herein, or retained, refunded or forfeited in accordance with this Agreement.

4. Assurances. From and after the Effective Date until termination of this Agreement or Closing, Seller may not, without the prior written consent of Purchaser, (a) lease, transfer or convey all or any portion of the Property, (b) enter into any contract relating to the operation or maintenance of the

Property or any portion thereof that may not be terminated prior to Closing without constituting a breach thereof or resulting in the imposition of any fee or charge or (c) grant, create or permit any easements, restrictions, liens, mortgages, encumbrances, or other interests with respect to all or any portion of the Property.

5. **Due Diligence Information.** Within five (5) business days after the Effective Date, Seller shall deliver to Purchaser, or make available for Purchaser's inspection and copying, (a) Seller's operating statements, if any, for the Property for the last three (3) years, (b) copies of all leases, if any, including a current rent roll, (c) copies of all contracts, if any, relating to the maintenance, operation or use of the Property, (d) copies of all plans, specifications and drawings pertaining to the Property, if in Seller's possession or control, (e) copies of all warranties, guaranties, sureties and indemnifications inuring to the benefit of Seller with respect to the Property, (f) copies of all other documents, instruments, books, records, studies, agreements, permits, environmental reports, surveys, title policies and commitments in Seller's or any of its agents' possession or control that pertain to the Property or the operation and use thereof (collectively, the "**Seller's Deliveries**"). In addition to the above, during the Inspection Period (as defined below), Seller shall deliver to Purchaser, or make available for Purchaser's inspection and copying, any other documents reasonably requested by Purchaser that are in Seller's or any of its agents' possession or control and that pertain directly to the Property and operation and use thereof. All information provided by Seller to Purchaser in connection with the Property shall be provided without representation, warranty or recourse by or to Seller except in so far as such information is subject to a warranty in this Agreement. The information delivered by Seller to Purchaser or obtained by Purchaser in connection with its inspections of the Property shall be confidential and shall not be disclosed to third parties without the consent of Seller.

5. **Title.** Seller shall, at its expense and within seven (7) days after the Effective Date, obtain and deliver to Purchaser a commitment (the "**Commitment**") for an ALTA owner's policy of title insurance without standard exceptions (the "**Title Policy**") issued by First American Title Insurance Company (the "**Title Company**") covering the Property. The Commitment shall be in the amount of the Purchase Price, dated as of a date later than the Effective Date, and shall have attached to it legible copies of all documents listed as exceptions in Schedule B of the Commitment ("**Title Exceptions**"). If Purchaser objects to the Commitment or Survey (as defined in Paragraph 6 below) by giving Seller written notice thereof within fifteen (15) days after the receipt by Purchaser of the latest of (a) the Commitment, (b) legible copies of all documents listed as exceptions in Schedule B of the Commitment and (c) the Survey, Seller shall use commercially reasonable efforts and proceed in good faith to remedy the claimed defects identified in such notice and deliver a revision of the Commitment and/or Survey satisfactory to Purchaser. If Seller uses commercially reasonable efforts and proceeds in good faith to cure the same but is, within twenty-one (21) days after its receipt of such notice from Purchaser, unable to cure any such defects and/or deliver a revised Commitment and/or Survey satisfactory to Purchaser, Purchaser may, at any time thereafter until Closing, elect to (x) cure such defects by its own efforts and, subject to the satisfaction or waiver of the other conditions contained in this Agreement, complete this transaction, (y) waive the defects and, subject to the satisfaction or waiver of the other conditions contained in this Agreement, complete this transaction or (z) terminate this Agreement and receive an immediate refund of the Deposit, and thereupon neither party shall have any further liabilities or obligations hereunder. Notwithstanding the foregoing, Seller shall be required to discharge at or prior to Closing all mortgages and other liens, and other interests of an ascertainable amount, that encumber the Property (collectively, the "**Liens**"), regardless of whether Purchaser objects thereto as provided above. At Closing and as a condition to Purchaser's obligation to pay the Purchase Price and otherwise close the transaction contemplated hereby, the Title Company shall down-date and endorse the Commitment to show fee simple title to the Property in Purchaser, subject only to exceptions shown in the Commitment

which Purchaser has not objected to or waived its objection to as provided above (the "Permitted Exceptions").

6. Survey. Purchaser may at its expense and within forty-five (45) days after the Effective Date obtain a survey (the "Survey") of the Property prepared by a land surveyor licensed under the laws of the State of Michigan.

7. Inspection. From and after the Effective Date, Purchaser shall have ninety (90) days (the "Inspection Period") to determine, in Purchaser's sole discretion, whether the Property is acceptable to Purchaser in all respects, including but not limited to whether (i) the condition of the Property, including, but not limited to, the environmental condition of the Property, is satisfactory to Purchaser, (ii) the Property is suitable in all respects for Purchaser's intended use thereof and (iii) the Property is in compliance with all applicable laws. In this connection, Purchaser and its agents, contractors and employees shall have the right to enter upon the Property during the Inspection Period to conduct any tests, studies, surveys, borings or investigations deemed necessary or desirable by Purchaser. Seller shall reasonably cooperate with and assist Purchaser in satisfying the conditions described above. If Purchaser determines, in its sole discretion, that the Property is not acceptable to Purchaser for any reason or for no reason, or Purchaser is not otherwise satisfied in its sole discretion with any information obtained by Purchaser under this Paragraph 7, Purchaser may terminate this Agreement by giving written notice thereof to Seller at any time prior to the expiration of the Inspection Period, whereupon this Agreement shall terminate and the Deposit shall immediately be refunded to Purchaser and neither party shall have any further liabilities or obligations under this Agreement except for those which expressly survive termination, and in such event, Purchaser shall return the Seller's Deliveries to Seller and shall provide Seller all information and reports pertaining to the Property that Purchaser acquired during the Inspection Period, including without limitation, any Phase I environmental site assessment report, building inspection reports, and the Survey. If Purchaser fails to provide written notice of termination to Seller prior to the expiration of the Inspection Period, Purchaser shall be deemed to have determined that the Property is suitable for Purchaser's intended use and Purchaser shall be obligated to proceed to Closing, subject to the satisfaction or waivers of all other terms and conditions of this Agreement.

8. Closing.

(a) Upon not less than seven (7) days' prior written notice from Purchaser to Seller, subject to the satisfaction or waiver of the conditions contained in this Agreement, the closing of the transaction contemplated by this Agreement (the "Closing") shall be held at the office of the Title Company or at such other location as may be agreed upon by Seller and Purchaser; provided, however, that Closing shall occur not later than fifteen (15) days after all conditions precedent set forth in Paragraph 14 have been satisfied or are waived by Purchaser.

(b) At Closing Seller and/or Purchaser, as applicable, shall execute and deliver the following in form and substance acceptable to Seller and Purchaser:

- (i) Seller shall deliver to Purchaser a duly executed and acknowledged warranty deed conveying marketable and insurable fee simple title to the Property to the Purchaser, subject only to (A) the Permitted Exceptions, (B) real property taxes not yet due and payable, (C) restrictions and easements of record, if any, and (D) zoning ordinances, building and use codes, regulations and restrictions, if any (the "Deed").

- (ii) Seller shall deliver to Purchaser a bill of sale, executed by Seller, assigning and conveying to Purchaser title to any personal property being conveyed to Purchaser, if any.
 - (iii) Seller shall provide a certificate certifying that Seller is not a foreign person, corporation or partnership, trust or estate within the meaning of the Foreign Investment in Real Property Tax Act of 1980 and the 1984 Tax Reform Act, as amended.
 - (iv) Seller shall deliver to Title Company a customary seller's closing affidavit in form and substance reasonably satisfactory to Seller covering parties in possession and mechanic's liens, and such other documents reasonably required to issue the Title Policy.
 - (v) Seller and Purchaser shall execute and deliver settlement statement(s) prepared by the Title Company and reflecting the terms of this Agreement.
 - (vi) Seller shall execute and deliver a certificate certifying that all representations and warranties of Seller in this Agreement are true and correct in all material respects as of the Closing date or disclosing any changes in such representations and warranties since the Effective Date.
 - (vii) Seller shall execute and deliver an assignment of Seller's interest in any leases or contracts that Purchaser elects and agrees to assume at Closing.
 - (viii) Seller and Purchaser shall deliver documentation satisfactory to the Title Company that each has taken all appropriate corporate steps authorizing the transaction as contemplated herein and that the individual signing on behalf of the entity is so authorized.
 - (ix) Such other documents and instruments as may be necessary to effectuate the intent of this Agreement.
- (c) The costs incurred in connection with the transaction contemplated by this Agreement shall be allocated between Seller and Purchaser as follows:

<u>Requirement</u>	<u>Responsibility</u>
Survey	Purchaser
Title Search	Seller
Title Insurance Commitment/Policy	Seller
Title Policy Endorsements	Purchaser
Escrow/Closing Fee	Split Equally Between Parties
Transfer Taxes	Seller
Attorneys' Fees	Each Party pays own
Recordation (Deed)	Purchaser
Recordation (Clear Title Defects, if any)	Seller

(d) Current real property taxes will be prorated on a due date basis as if paid in advance, and Purchaser shall pay to Seller at Closing the portion of such taxes allocable to the portion of the year beginning on and following the date of Closing. Seller shall pay all expenses applicable to the period prior to Closing and all outstanding assessments which are due prior to Closing. Purchaser shall pay all expenses and assessments applicable to the period on or following Closing. The Parties shall arrange for final readings of utility meters as of Closing and Seller shall pay at Closing final utility charges based on such readings. If final readings cannot be obtained from any utility on the date of Closing, the parties will arrange to adjust the final utility bill(s) post-closing on the basis of the next succeeding bill in accordance with the local custom. Any other charges for utilities or other services, materials or labor furnished to or with respect to the Property prior to Closing shall be paid by Seller on or before Closing.

9. **Possession.** Seller shall deliver possession of the Property to Purchaser at Closing, free of all other possessory rights.

10. **Option to Purchase on Land Contract.**

(a) Notwithstanding anything to the contrary contained herein, Purchaser, in its sole discretion, shall have the option to close on the purchase the Property by entering into a land contract in the form attached hereto as Exhibit "C" to be executed at Closing by Seller and Purchaser (the "**Land Contract**"). If Purchaser elects to use the Land Contract, Purchaser shall notify Seller in writing no later than thirty (30) days prior to Closing.

(b) If Purchaser elects to use the Land Contract, Purchaser shall pay to Seller at Closing the sum of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) (the "**Down Payment**") by cash, certified check or other immediately available funds, and the balance of the Purchase Price shall be payable pursuant to the terms of the Land Contract. The closing documents listed in Paragraph 8(b) above shall be deposited into escrow with the Title Company prior to or at Closing, and in addition to all such documents, Purchaser and Seller shall (i) execute and deliver the Land Contract to the Title Company; (ii) execute a Memorandum of Land Contract in the form attached hereto as Exhibit "D" which shall be recorded with the Wayne County Register of Deeds; and (iii) execute an escrow agreement with the Title Company whereby the Title Company agrees to release and record the Deed upon payment in full of the Land Contract, which escrow agreement shall otherwise be in form and substance reasonably satisfactory to Seller, Purchaser and the Title Company (the "**Escrow Agreement**"). Any additional escrow fees charged by the Title Company for its escrow services in connection with the Land Contract shall be split equally between the Seller and Purchaser.

11. **Broker's Commission.** Seller and Purchaser each represent and warrant to the other that it has not dealt with any broker or real estate agent in connection with the transaction contemplated by this Agreement, and each party will indemnify, defend and hold the other party harmless from and against any and all claims for commissions or fees by brokers with whom they have dealt made against the other party.

12. **Default.** In the event of a default by Purchaser under this Agreement, Seller shall be entitled, as Seller's sole and exclusive remedy, to terminate this Agreement and retain the Deposit as liquidated damages. In the event of a default by Seller under this Agreement, Purchaser shall be entitled, as Purchaser's sole and exclusive remedy, to either (a) declare this Agreement terminated, in which event the Deposit shall be immediately returned to Purchaser, or (b) seek and be entitled to specific performance.

13. **Assignment.** Purchaser shall have the right to assign its interest in this Agreement to any affiliated company related to Purchaser.

14. **Conditions Precedent.** The Closing, and the obligations of the parties to consummate the transactions contemplated by this Agreement, shall remain contingent upon:

(a) Seller's remedy of any title defects objected to by Purchaser pursuant to Paragraph 5 above, or Purchaser's waiver of same; and

(b) Purchaser's satisfaction, in its sole discretion, with its findings obtained during the Inspection Period.

15. **Representations and Warranties of Seller.** Seller represents and warrants to and agrees with Purchaser as of the date hereof and as of the date of Closing that:

(a) Seller is a limited liability company in good standing, established and existing under the laws of the State of Michigan; and Seller has the power to own, hold and sell its property and assets without additional authorizations or approvals.

(b) The transfer and delivery by Seller of the Property to Purchaser as provided hereunder and the execution of the other agreements contemplated herein will not conflict with or result in the breach (which breach will affect its ability to perform hereunder) of any of the terms of any agreement or instrument to which Seller is a party or by which it is or may be bound or constitute a default thereunder, or violate any state or federal governmental law, statute, ordinance or regulation. No consent of any third party is required in order for Seller to enter into or be bound by this Agreement.

(c) Seller is not involved in, nor aware of, any pending or threatened litigation which does or may affect the Property and there are no actions or proceedings pending or threatened against Seller before any court or administrative agency in any way connected with the Property.

(d) Seller is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as defined in the Internal Revenue Code) and consequently Purchaser need not withhold any portion of the purchase price as provided in Section 1445 of the Internal Revenue Code and Seller will so certify at Closing.

(e) The Property (including the land, surface water, ground water, and any improvements) to Seller's actual knowledge and without further investigation, beyond any conditions disclosed to Purchaser in any environmental reports, does not contain any underground storage tanks, asbestos, substantial amounts of waste or debris, or contamination, including without limitation: (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder; and (iii) any substance the presence of which on the Property is prohibited or regulated by any federal, state or local law, ruling, rule or regulation similar or dissimilar to those set forth in this paragraph (collectively referred to as "**Hazardous Material**").

(f) The representations and warranties set forth above shall not merge into the Deed and shall survive Closing for (i) one hundred-eighty (180) days as to (b)-(d), and (ii) indefinitely as to (a) and (e).

16. **"AS-IS" Purchase Release.** Purchaser warrants and acknowledges to and agrees with the Seller that Purchaser is a sophisticated purchaser, familiar with the Property, and that Purchaser is purchasing the Property "AS IS", "WHERE IS" and "WITH ALL FAULTS" with respect to its physical condition, with no right of set-off or reduction in the Purchase Price and specifically and expressly without reliance on any warranties, representations or guarantees, except those representations and warranties expressly provided in Paragraph 15 above or in the Deed, whether express, implied or statutory, of any kind, nature, or type whatsoever from or on behalf of the Seller, including without limitation, warranties, representations or guarantees with respect to the quality, character, or condition of the Property, whether latent or patent, habitability, utility, tenantability, workmanship, operations, state of maintenance or repair, compliance with statutory or other governmental, regulatory or industry standards or fitness for a particular use, or any other matter or thing relating to or affecting the Property. The Seller does hereby disclaim and renounce, and Purchaser acknowledges and agrees that it is not relying on, any such representations or warranties. Pursuant to MCL 324.20116, Seller gives notice that the Property is a "facility" as defined by MCL 324.20101 as a result of the presence Hazardous Material that exceeds the most restrictive clean-up criteria under MCL 324.20120a as set forth in the environmental reports disclosed to Purchaser.

17. **Casualty.**

(a) If any portion of the Property shall be damaged or destroyed by whatever cause prior to the Closing and the cost to fully restore such portion of the Property is reasonably estimated to exceed \$150,000.00, Purchaser shall have the option to (i) terminate this Agreement, in which event the Deposit shall be immediately returned to Purchaser and neither party shall have any further obligations or liabilities under this Agreement, or (ii) subject to the satisfaction or waiver of the other conditions contained in this Agreement, proceed to Closing and take an assignment of and be entitled to all insurance proceeds received or receivable by Seller as a result of such damage or destruction under any and all policies of insurance covering that portion of the Property so damaged or destroyed, provided that Purchaser shall receive at Closing a credit against the Purchase Price for the amount of any deductible under such insurance policy and for any other uninsured portion of such damage or destruction. Seller shall give Purchaser written notice of any such damage or destruction promptly after the occurrence of same. Purchaser shall have fourteen (14) days within which to exercise the options granted in this subparagraph (a) by giving written notice thereof to Seller and if Purchaser fails to do so within such fourteen (14) day period, but in no event later than the outside date for Closing, Purchaser shall be deemed to have elected the option described in subparagraph (a)(ii) of this Paragraph 167.

(b) If any portion of the Property shall be damaged or destroyed by whatever cause prior to the Closing and the cost to fully restore such portion of the Property is reasonably estimated to be \$150,000.00 or less, Purchaser shall, subject to the satisfaction or waiver of the conditions contained in this Agreement, proceed to Closing and take an assignment of and be entitled to all insurance proceeds received or receivable by Seller as a result of such damage or destruction under any and all policies of insurance covering that portion of the Property so damaged or destroyed, provided that Purchaser shall receive at Closing a credit against the Purchase Price for the amount of any deductible under such insurance policy and for any other uninsured portion of such damage or destruction. Seller shall give Purchaser written notice of any such damage or destruction promptly after the occurrence of same.

18. **Condemnation.** If, prior to Closing, eminent domain, condemnation or similar proceedings shall be threatened or commenced against the Property or any portion thereof, Purchaser shall have the option to (a) terminate this Agreement, in which event the Deposit shall be immediately returned to Purchaser and neither party shall have any further obligations or liabilities under this Agreement, or (b) subject to the satisfaction or waiver of the other conditions contained in this

Agreement, proceed to Closing and take an assignment of and be entitled to any and all compensation and awards paid or payable in connection with such proceedings. Purchaser shall have fourteen (14) days within which to exercise the options granted in this Paragraph 18 by giving written notice thereof to Seller and if Purchaser fails to do so within such fourteen (14) day period, Purchaser shall be deemed to have elected the option described in subparagraph (a) of this Paragraph 18.

19. **Entire Agreement; Binding Effect.** This Agreement constitutes the entire agreement between the parties with respect to the transactions contemplated herein. This Agreement supersedes all other agreements between the parties. Any waiver, alteration or modification of this Agreement shall not be valid unless in writing and executed by Seller and Purchaser.

20. **Joint Drafting; Knowing and Voluntary Acceptance.** Both parties have participated in the drafting of this Agreement and there shall be no presumption favoring or disfavoring any party or its position by virtue of its authorship. This Agreement is the result of negotiations between the parties, the parties have had an opportunity to review all of its terms with their respective attorneys and the parties have read, understand and voluntarily accept all of its terms.

21. **Governing Law; Severability.** This Agreement shall be governed by the laws of the State of Michigan. If any term or provision of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or enforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law. The captions in this Agreement are inserted for reference only and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.

22. **Notices.** All notices required under this Agreement shall be in writing and shall be deemed to have been received, and therefore given, (a) when delivered personally, (b) when delivered via facsimile or electronic mail, (c) the second business day after mailing first class certified mail, return receipt requested, with postage prepaid, through the United States Postal Service, or (d) the first business day after deposit with a national overnight courier service with next day delivery requested, addressed to the party to be so notified as follows:

To Seller: 456 Charlotte LLC
3138 Cass Ave.
Detroit, MI 48201
Attention: Joel Landy
Email: cassave@aol.com

To Purchaser: Detroit Innovation District Fund, L3C
c/o Midtown Detroit, Inc.
3939 Woodward Ave., Suite 100
Detroit, MI 48201
Attention: Cari Easterday-Kar, CFO
Email: ceasterday@midtowndetroitinc.org

With a copy to:

Clark Hill PLC
500 Woodward Avenue, Suite 3500
Detroit, Michigan 48226
Attention: Joseph S. Kopietz
Facsimile: (313) 965-8815
Email: jkopietz@clarkhill.com

Any party may at any time change the address for notice to such party by giving notice in the manner described herein.

23. **Calculation of Days.** Whenever any determination is to be made or action to be taken on a date specified in this Agreement, if such date shall fall upon a Saturday, Sunday or legal holiday, the date of such determination or action shall be extended to the first business day immediately thereafter.

24. **Time of the Essence.** Time is of the essence in the performance of all obligations under this Agreement.

25. **Successors and Assigns.** The covenants and agreements herein shall bind and inure to the benefit of the successors and permitted assigns of Seller and Purchaser.

26. **Counterparts.** This Agreement may be executed in any number of counterparts, delivered by facsimile, electronic mail or otherwise, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. The parties agree that signatures on this Agreement, as well as any other documents to be executed under this Agreement, may be delivered by facsimile or electronic mail in lieu of an original signature, and the parties agree to treat facsimile and electronic mail signatures as original signatures and agree to be bound by this provision.

27. **Effective Date.** The "Effective Date" herein is the later of the date of full execution of this Agreement by both Seller and Purchaser.

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IN WITNESS WHEREOF, Seller and Purchaser have executed this Agreement to be effective as of the Effective Date.

SELLER:

456 CHARLOTTE LLC, a Michigan limited liability company

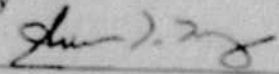
By: Landy Cass Avenue Development Corporation, a Michigan corporation

Its: Sole Member

By: _____
Joel Landy, President

PURCHASER:

DETROIT INNOVATION DISTRICT FUND, LLC, a Michigan low-profit limited liability company

By: 
Susan T. Mosey, Authorized Agent

Date: December __, 2016

Date: December 14, 2016

IN WITNESS WHEREOF, Seller and Purchaser have executed this Agreement to be effective as of the Effective Date.

SELLER:

456 CHARLOTTE LLC, a Michigan limited liability company

By: Landy Cass Avenue Development Corporation, a Michigan corporation

(its: Sole Member)

By: 

Joel Landy, President

PURCHASER:

DETROIT INNOVATION DISTRICT FUND, LLC, a Michigan low-profit limited liability company

By: _____

Susan T. Mosay, Authorized Agent

Date: December __, 2016

Date: December __, 2016

EXHIBIT A

Legal Description of Land

(Subject to verification by Title Company)

Land situated in the City of Detroit, Wayne County, Michigan, being more particularly as follows:

N Charlotte 22,23,24 Blk 85--Plat Pt Cass Farm L1 P172 Plats, W C R 2/72 150 X 190

Commonly known as: 456 Charlotte

Tax ID: 02000675-7

EXHIBIT B

Excluded Property

EXHIBIT C

Form of Land Contract

LAND CONTRACT

THIS LAND CONTRACT (this "Contract") is made and entered into this ____ day of _____, 2016, by and between 456 CHARLOTTE, a Michigan limited liability company, whose address is 3138 Cass Avenue, Detroit, Michigan 48201 ("Seller"), and [TBD], whose address is 3939 Woodward Ave., Suite 100, Detroit, MI 48201 ("Purchaser").

AGREEMENT

I. SELLER AGREES AS FOLLOWS:

(a) To sell and convey to Purchaser certain land situated in the City of Detroit, Wayne County, Michigan, and more particularly described in attached Exhibit A (the "Land"), together with the building and all other improvements of every kind and nature located in or on the Land, all fixtures of every kind and nature located in or on the Land or any such improvements and all appurtenances and hereditaments to the Land (collectively, the "Property"), subject only to those matters set forth in attached Exhibit B (the "Permitted Encumbrances").

(b) That the consideration for the sale of the Property to Purchaser is One Million Eight Hundred Thousand and 00/100 Dollars (\$1,800,000.00) (the "Purchase Price"), of which the sum of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) has heretofore been paid to Seller, the receipt of which is hereby acknowledged by Seller. The balance of the Purchase Price, with interest on any part thereof at any time unpaid at the rate of six percent (6%) per annum, shall be paid to Seller in quarterly installments of (i) Nineteen Thousand Five Hundred and 00/100 Dollars (\$19,500.00) each, or more at Purchaser's option, on the first (1st) day of each [SELECT CALENDAR MONTHS MOST CLOSELY COINCIDING WITH A QUARTERLY SCHEDULE BASED ON CLOSING DATE], beginning on [April 1, 2017] and continuing through the payment due on [December 31, 2019], and (ii) Twenty Eight Thousand Twelve and 82/100 Dollars (\$28,012.82) each, or more at Purchaser's option, on the first (1st) day of each [SELECT CALENDAR MONTHS MOST CLOSELY COINCIDING WITH A QUARTERLY SCHEDULE BASED ON CLOSING DATE], beginning on [April 1, 2020]; said payments to be applied first upon interest and the balance upon principal, provided, the entire Purchase Price, with interest, shall be fully paid on or before the earlier of (i) ninety (90) days following Purchaser's receipt of a demand for payment in full from Seller, or (ii) [FIVE YEAR ANNIVERSARY OF CLOSING] (the "Maturity Date"). Purchaser may, from time to time, prepay all or any portion of the unpaid balance of the Purchase Price without the payment of a prepayment premium or penalty. Notwithstanding anything to the contrary contained in this Contract, interest shall accrue upon the unpaid balance of the Purchase Price at the rate of nine percent (9%) per annum from and after the occurrence of any default of Purchaser under this Contract through the date such default is cured, if at all.

(c) Upon receiving payment in full of all sums owing herein, to execute and deliver to Purchaser or Purchaser's assigns, a covenant deed (the "Deed") conveying title to the Property, subject only to the Permitted Encumbrances and such encumbrances as shall accrue or attach subsequent to the date hereof through the acts or omissions of persons other than Seller or its officers, directors, partners, employees, agents, successors or assigns. The parties hereto acknowledge that the Deed has been executed by Seller and is being held in escrow by First American Title Insurance Company (the "Title Company") pursuant to an escrow agreement of even date herewith by and among Seller, Purchaser and the Title Company (the "Escrow Agreement"), which provides that the Deed shall be released to Purchaser upon payment in full of the balance of the Purchase Price or otherwise released in accordance with the terms of the Escrow Agreement. Seller shall be responsible for paying the full amount of all transfer taxes payable in connection with the recordation of the Deed; provided, however, that such amount may be deducted by Purchaser from the final balloon payment made to Seller under this Contract and if so deducted, Purchaser shall be responsible for paying all such transfer taxes.

(d) To indemnify and hold Purchaser, and Purchaser's successors and assigns harmless from and against any and all claims, damages, liabilities, liens, actions, costs and expenses (including, but not limited to, attorneys' fees) incurred by or asserted against any of them which arise out of or in connection with or are related in any manner whatsoever to: (i) any negligence or willful misconduct of Seller or any of Seller's agents, employees, contractors or invitees prior to the term of this Contract or (ii) the failure of Seller to perform or observe any of Seller's obligations or covenants under this Contract. The obligations of Seller under this paragraph shall survive the termination, forfeiture or foreclosure of this Contract.

2. PURCHASER AGREES AS FOLLOWS:

(a) To purchase the Property and pay Seller the Purchase Price, with the interest thereon, as above provided. Purchaser understands that the installment payments on this Contract provided for herein represent substantially interest only payments; that such installments will not significantly reduce the principal balance hereof by the Maturity Date; that the final installment will be a "balloon" payment; and that Seller has no obligation to refinance such "balloon" payment.

(b) To use, maintain and occupy the Property in accordance with any and all restrictions thereon.

(c) To keep the Property in accordance with all police, sanitary, and other regulations imposed by any governmental authority.

(d) To pay all taxes and assessments, whether general or special, hereafter levied on the Property, or which have previously been levied on the Property and hereafter become due and payable, before any penalty for nonpayment attaches thereto, and submit receipts to Seller upon request, as evidence of payment thereof.

(e) To keep and maintain the Property in as good condition as it is at the date hereof, reasonable wear and tear excepted, and not to commit waste, remove or demolish any portion

thereof, or otherwise diminish the value of Seller's security, or make any material alterations to the Property without the written consent of Seller.

(f) To procure and maintain in effect during the term of this Contract commercial general liability insurance with combined single limit coverage of not less than \$1,000,000.00 per occurrence/\$2,000,000.00 combined, and standard fire and extended coverage insurance covering the Property in an amount not less than the full replacement cost thereof. All such insurance shall be issued by an insurance company licensed to do business in the state of Michigan reasonably satisfactory to Seller, with deductibles and endorsements reasonably approved by Seller. The insurance policies and endorsements shall name Seller as an additional insured and, as to any casualty insurance (other than insurance for personal property not sold by Seller to Purchaser pursuant to this Contract), Purchaser and Seller as the loss payees, and shall provide Seller with at least thirty (30) days' prior written notice of cancellation or modification. Purchaser shall provide Seller with a certificate of each such insurance policy contemporaneous with the execution and delivery of this Contract and shall provide evidence of renewal and renewal certificates not less than fifteen (15) days prior to the expiration of any policy and endorsements then in effect upon request by Seller. Any insurance proceeds received in connection with any damage to or destruction of the Property shall first be used to repair and restore the Property, and the balance of such proceeds, if any, shall, at Seller's election, either be applied to the unpaid balance of the Purchase Price or any unpaid interest accrued thereon or released to Purchaser. The occurrence of such casualty shall not relieve Purchaser from the performance of any of its obligations under this Contract.

(g) To reimburse Seller, upon demand, for all costs and expenses, including, but not limited to, attorneys' fees, incurred by Seller in exercising any of Seller's rights or remedies under this Contract, at law or in equity with respect to Purchaser's failure to perform or observe any of Purchaser's obligations or covenants under this Contract.

(h) That neither this Contract nor Purchaser's interest herein nor Purchaser's interest in the Property may be voluntarily or involuntarily sold, assigned, alienated, encumbered, conveyed or transferred (collectively, "Transferred" or "Transfer") without the prior written consent of Seller, which consent, in the case of a mortgage of Purchaser's interest under this Contract, shall not be unreasonably withheld, conditioned or delayed. In the event of any permitted Transfer, Purchaser shall remain liable for all of the obligations and covenants of Purchaser under this Contract unless otherwise agreed to by Seller in writing.

(i) That prior to this Contract being paid in full and all of Purchaser's obligations hereunder being fully discharged, Purchaser shall not, voluntarily or involuntarily, mortgage, lien, grant easements, restrictions or rights-of-way or otherwise encumber the Property (collectively "Encumbered" or "Encumbrances") or permit any Encumbrances to attach to the Property or any portion thereof without the prior written consent of Seller, which consent, in the case of a mortgage of Purchaser's interest under this Contract, shall not be unreasonably withheld, conditioned or delayed.

(j) That in the event the Property is Encumbered or Transferred without the prior written consent of Seller, and Purchaser fails to remove or set aside any such Encumbrance or Transfer within thirty (30) days of receiving written notice from Seller, the remaining unpaid

balance of the Purchase Price and all unpaid accrued interest and outstanding obligations under this Contract shall, at Seller's option, become immediately due and payable and the failure of Purchaser to pay the same shall constitute a default of Purchaser under this Contract.

(k) To indemnify and hold Seller, and Seller's successors and assigns harmless from and against any and all claims, damages, liabilities, liens, actions, costs and expenses (including, but not limited to, attorneys' fees) incurred by or asserted against any of them which arise out of or in connection with or are related in any manner whatsoever to: (i) any accident, injury, death or damage to any person or property occurring in, on or about the Property during the term of this Contract; (ii) any negligence or willful misconduct of Purchaser or any of Purchaser's agents, employees, contractors or invitees during the term of this Contract or (iii) the failure of Purchaser to perform or observe any of Purchaser's obligations or covenants under this Contract. The obligations of Purchaser under this paragraph shall survive the termination, forfeiture or foreclosure of this Contract.

(l) That Purchaser has inspected the Property and is satisfied with the condition thereof. Purchaser acknowledges that neither Seller nor any of its agents or representatives has made any representations or warranties regarding the condition of the Property and Purchaser accepts the Property in its "as-is" condition, with all faults and defects, latent or patent. Purchaser hereby unconditionally and irrevocably releases any and all claims, known or unknown, which it may now or hereafter have against Seller regarding the condition of the Property (including the environmental condition thereof), including but not limited to any claim for contribution under any federal, state or local law.

3. SELLER AND PURCHASER MUTUALLY AGREE AS FOLLOWS:

(a) That if Purchaser fails to perform or observe any of Purchaser's obligations or covenants under this Contract or any part hereof, Seller may, but shall not be obligated to, cure such failure and Seller shall have the right to enter the Property during reasonable business hours (except in the event of an emergency) to effect such cure. All amounts paid and costs incurred by Seller in curing such failure, including, but not limited to, attorneys' fees, shall be payable by Purchaser to Seller upon demand and shall bear interest at the rate of nine percent (9%) per annum from the date any such amount is paid or cost is incurred until the date paid.

(b) That Purchaser shall have the right to possession of the Property from and after the date hereof and shall be entitled to retain possession thereof only so long as there is no default on the part of Purchaser in carrying out the terms and conditions hereof.

(c) That if Purchaser fails to perform or observe any of Purchaser's obligations or covenants under this Contract or any part hereof, Seller immediately after such default shall have the right to declare this Contract forfeited and void, and retain whatever may have been paid hereon, and all improvements that may have been made to the Property, together with additions and accretions thereto, and consider and treat Purchaser as Seller's tenant holding over without permission and may take immediate possession of the Property, and Purchaser and each and every other occupant may be removed and put out. In all cases where a notice of forfeiture is relied upon by Seller to terminate rights hereunder, such notice shall specify all unpaid monies and other breaches of this Contract and shall declare forfeiture of this Contract to be effective

fifteen (15) days after service for monetary defaults and thirty (30) days after service for nonmonetary defaults, unless such money is paid and any other breaches of this Contract are cured within that time.

(d) That if default is made by Purchaser under this Contract and such default continues for a period of forty-five (45) days or more, then Seller shall have, at the option of Seller, the right to declare the entire unpaid balance hereunder to be due and payable forthwith, notwithstanding anything herein contained to the contrary.

(e) That time shall be deemed to be of the essence of this Contract.

(f) That any notice under this Contract shall be in writing and given by any one or more of the following methods: delivered personally; mailed by certified mail (postage prepaid, return receipt requested); sent by facsimile or email; or sent by a national next day delivery service, as follows (or to such other addresses and facsimile numbers as any person entitled to notice shall direct in writing):

As to Seller: 456 Charlotte LLC
3138 Cass Ave.
Detroit, MI 48201
Attention: Joel Landy
Email: cassave@aol.com

As to Purchaser: [TBD]
c/o Midtown Detroit, Inc.
3939 Woodward Avenue, Suite 100
Detroit, Michigan 48201
Attn: _____
Email: _____

As to the Title Company: First American Title Insurance Company
100 Bloomfield Parkway, Suite 195
Bloomfield Hills, Michigan 48304
Attention: Tom Delaney
Email: tjdelaney@firstam.com

Such notice shall be deemed given and effective upon delivery if personally delivered, three (3) business days after mailing if mailed, one (1) business day after deposit with a national next day delivery service if sent by such service, or the date sent by email with confirmation of delivery if given in such manner.

(g) That in no event shall this Contract be recorded with the Wayne County Register of Deeds by either Seller or Purchaser; provided, however, upon signing of this Contract, the parties shall sign a mutually agreeable memorandum of this land contract which may be recorded

by Purchaser with the Wayne County Register of Deeds. Purchaser shall pay the cost of recording the memorandum.

(h) That this Contract shall be binding upon and inure to the benefit of Seller, Purchaser and their respective successors and assigns. This Contract may not be amended except by a written instrument executed and delivered by Seller and Purchaser.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Seller and Purchaser have executed this Contract effective as of the day and year first written above.

SELLER:

456 CHARLOTTE LLC, a Michigan limited liability company

By: **Landy Cass Avenue Development Corporation**,
a Michigan corporation

Its: Sole Member

By: _____
Joel Landy, President

PURCHASER:

[TBD]

Exhibit A to Land Contract

Legal Description of Land

(SUBJECT TO VERIFICATION BY TITLE COMPANY AND SURVEYOR)

Land situated in the City of Detroit, Wayne County, Michigan, being more particularly as follows:

N Charlotte 22,23,24 Blk 85--Plat Pt Cass Farm L1 P172 Plats, W C R 2/72 150 X 190

Commonly known as: 456 Charlotte

Tax ID: 02000675-7

C-

Exhibit B to Land Contract

Permitted Encumbrances

[TO BE POPULATED FROM TITLE POLICY]

EXHIBIT D

Form of Memorandum of Land Contract

MEMORANDUM OF LAND CONTRACT

THIS MEMORANDUM OF LAND CONTRACT entered into this ____ day of _____, 2016, between **456 CHARLOTTE**, a Michigan limited liability company, whose address is 3138 Cass Avenue, Detroit, Michigan 48201 ("Seller"), and [TBD], whose address is 3939 Woodward Ave., Suite 100, Detroit, MI 48201 ("Purchaser").

WITNESSETH:

Purchaser and Seller have entered into a Land Contract of even date herewith and they desire to enter into this Memorandum of Land Contract to give record notice of the existence of said Land Contract.

In consideration of the premises and other good and valuable consideration, Seller acknowledges and agrees that property located in the City of Detroit, Wayne County, Michigan, and more particularly described on **Exhibit A** attached hereto, was sold to Purchaser on Land Contract of even date herewith.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Land Contract on the day and year first above written.

SELLER:

456 CHARLOTTE LLC, a Michigan limited liability company

By: Landy Cass Avenue Development Corporation, a Michigan corporation

Its: Sole Member

By: _____
Joel Landy, President

STATE OF MICHIGAN)

ss.

COUNTY OF WAYNE)

The foregoing instrument was executed before me this ____ day of _____, 2016, by Joel Landy, the President of Landy Cass Avenue Development Corporation, a Michigan corporation, the sole member of 456 CHARLOTTE, a Michigan limited liability company, on behalf of said limited liability company.

Notary Public, _____ County, MI

My Commission Expires: _____

Acting in _____ County, MI

[INSERT SIGNATURE BLOCK AND NOTARY ACKNOWLEDGEMENT FOR PURCHASER ONCE DETERMINED]

Drafted by and, after recording, return to: Joseph S. Kopietz

Clark Hill PLC

500 Woodward Ave., Suite 3500

Detroit, Michigan 48226

EXHIBIT A TO MEMORANDUM OF LAND CONTRACT

Legal Description of Land

(SUBJECT TO VERIFICATION BY TITLE COMPANY AND SURVEYOR)

Land situated in the City of Detroit, Wayne County, Michigan, being more particularly as follows:

N Charlotte 22,23,24 Blk 85--Plat Pt Cass Farm LI P172 Plats, W C R 2/72 150 X 190

Commonly known as: 456 Charlotte

Tax ID: 02000675-7

DEVELOPMENT BUDGET

Development Name: 454 Charlotte
City/Township/Village: Detroit
County: Wayne
Construction Type: Rehabilitation
Property Type: Retail
Date: 4/2/88

FW to all blue shaded input cells

This worksheet is utilized to input the total Sources & Uses for the project from acquisition to construction completion. In addition, the minimum amount of ABCRP incentive the project is eligible for is calculated.

TOTAL DEVELOPMENT COSTS			
Acquisition			
Land			
Buildings	1,000,000		1.14%
Other:	11,000,000		12.51%
Subtotal Acquisition	12,000,000		13.65%

Hard Costs			
Public Infrastructure (pavement, sidewalks, utilities, drainage, etc.)			
Site Improvements (pavement, drives, landscaping, lighting, etc.)	800,000		0.90%
Demolition (Include Land & structure Abandoned)	111,000		1.25%
Other Environmental Mitigation			0.00%
Birth Work	547,000		6.23%
Site Utilities	30,700		0.35%
Other:			0.00%
Structures			
Building Concrete/Aluminum	12,000,547		13.97%
Carpentry	220,000		2.50%
Roofing/Sheet Metal/Insulation/Coating	127,000		1.48%
Glazing/Windows/Doors	1,000,000		11.60%
Drywall/Plasterwork	200,000		2.32%
Painting	100,000		1.16%
Ceilings/Concealed Systems	100,000		1.16%
Finishing/Decorating	100,000		1.16%
Plumbing/Electrical/HVAC	100,000		1.16%
HVAC	100,000		1.16%
Accessory Buildings/Storage	100,000		1.16%
Elevators/Escalators	100,000		1.16%
Tenant Upgrades	100,000		1.16%
Other:			0.00%
Builder Overhead/Profit/Minimum Requirements	50		0.00%
Permit/Tip Fees/State/City Certification	50		0.00%
Construction Contingency	50		0.00%
Other:			0.00%
Subtotal Hard Costs	13,822,047		15.67%
Other Eligible Costs			
Machinery & Equipment	100,000		1.14%
Furniture & Fixtures	100,000		1.14%
Architectural & Engineering	100,000		1.14%
Environmental Studies/Testing	100,000		1.14%
Survey	100,000		1.14%
Other:			0.00%
Subtotal Eligible Soft Costs	400,000		4.52%

Intangible Soft Costs			
Other Professional Fees			
Loan Fees	11,700		0.13%
Construction Interest	50,000		0.57%
Construction Taxes	50,000		0.57%
Construction Insurance	50,000		0.57%
CRP Fees	50,000		0.57%
Site Work	17,000		0.19%
Start-Up Reserve			0.00%
Replacement Reserve	50		0.00%
Operating Reserve			0.00%
Other: Launch Campaign	50,000		0.57%
Other:			0.00%
Other Intangible Soft Costs - Related Party Fees			0.00%
Developer Fee			0.00%
Project Management Fee			0.00%
Construction Management Fee (Related Party)			0.00%
Consulting Fees			0.00%
Other Related Party Fees			0.00%
Other:			0.00%
Subtotal Intangible Soft Costs	288,700		3.28%
TOTAL DEVELOPMENT COSTS			
	14,510,747		16.45%

TOTAL DEVELOPMENT SOURCES			
Seller Debt			
Construction Loan	12,000,000		13.65%
Seller Proceeds	11,000,000		12.51%
CRP Conventional Loan	50		0.00%
Subordinate Debt/Financing			0.00%
CRP Subordinated Loan/Owner/County	750,000		0.83%
Other:			0.00%
Other:			0.00%
Deferred Fees/Cash Equity			0.00%
Refunded Developer Fees			0.00%
Other Refunded Related Party Fees			0.00%
Refunded Consulting Fees			0.00%
Cash Equity/Owner	500,000		0.57%
Land/Building Contribution Owner			0.00%
Other: Tenant Improvement	5,750,000		6.53%
Other:			0.00%
Other:			0.00%
Owner Contribution	11,000,000		12.51%
Subtotal Sources	31,000,000		35.29%

Construction Proceeds			
Construction Loan			
Intangible Debt:			
Total Development Costs	14,510,747		
Total Development Sources	31,000,000		
Surplus/Deficit	16,489,253		

TOTAL DEVELOPMENT SOURCES & USES			
Related S.F.	14,504	Construct	14,504
Other S.F.		Cost S.F.	14,504
Total S.F.	14,504	Cost S.F.	14,504
Cash Equity		14,504	14,504
Land/Building Contribution		14,504	14,504
Owner Contribution		14,504	14,504
Cash Bldg		14,504	14,504
Reg. Annual Cash on Cash Return		14,504	14,504
Owner Equity Bldg		14,504	14,504
Reg. Annual Return on Owner Equity		14,504	14,504

DEVELOPER INVESTMENT RETURNS

Development Name: 456 Charlotte
City/Township/Village: Detroit
County: Wayne
Construction Type: Rehabilitation
Property Type: Retail
Date: 4/27/80

Fill in all blue shaded input cells

Capitalization Rate	8.00%
Year of Sale	20
Sale Expenses (% of sale price)	5.0%

This worksheet utilized to calculate a rough estimate of anticipated developer return. In addition, a proposed sales date and other owner cash investments in the project following construction completion can be entered on this worksheet.

Developer Return Analysis

Year	Cash Investment	Net Developer Fees Rec'd	Cash flow	Sale Proceeds	Net Cash Investment	Land/Building Investment	Net Developer Investment
0	\$500,000	\$0	\$0	\$0	(\$500,000)	\$0	(\$500,000)
1		\$0	\$37,256	\$0	\$37,256	\$0	\$37,256
2		\$0	\$39,345	\$0	\$39,345	\$0	\$39,345
3		\$0	\$42,733	\$0	\$42,733	\$0	\$42,733
4		\$0	\$19,192	\$0	\$19,192	\$0	\$19,192
5		\$0	\$26,714	\$0	\$26,714	\$0	\$26,714
6		\$0	\$34,458	\$0	\$34,458	\$0	\$34,458
7		\$0	\$42,436	\$0	\$42,436	\$0	\$42,436
8		\$0	\$50,648	\$0	\$50,648	\$0	\$50,648
9		\$0	\$59,111	\$0	\$59,111	\$0	\$59,111
10		\$0	\$67,823	\$0	\$67,823	\$0	\$67,823
11		\$0	\$76,800	\$0	\$76,800	\$0	\$76,800
12		\$0	\$86,040	\$0	\$86,040	\$0	\$86,040
13		\$0	\$27,508	\$0	\$27,508	\$0	\$27,508
14		\$0	\$35,950	\$0	\$35,950	\$0	\$35,950
15		\$0	\$44,658	\$0	\$44,658	\$0	\$44,658
16		\$0	\$53,639	\$0	\$53,639	\$0	\$53,639
17		\$0	\$62,903	\$0	\$62,903	\$0	\$62,903
18		\$0	\$72,458	\$0	\$72,458	\$0	\$72,458
19		\$0	\$82,314	\$0	\$82,314	\$0	\$82,314
20		\$0	\$0	\$2,981,936	\$2,981,936	\$0	\$2,981,936
	\$500,000	\$0	\$961,986	\$2,981,936	\$3,943,922	\$0	\$3,943,922

IRR = 14.82%

IRR = 14.82%

Calculation of Sales Proceeds

Net Operating Income (year before sale)	\$312,406
Capitalization Rate	8.00%
Real Estate Value	\$3,905,079
Less: Sale Expenses	\$195,254
Net Sale Proceeds	\$3,709,825
Less: Outstanding Debt	
Construction Loan	\$381,275
Seller Finance	\$346,614
xxx	\$0
CRP Conventional Loan	\$0
Other Debt Obligations	\$0
Proceeds Available for Distributions	\$2,981,936

STABILIZED OPERATING STATEMENT

Development Name: 456 Charlotte
City/Township/Village: Detroit
County: Wayne
Construction Type: Rehabilitation
Property Type: Retail
Date: 4/27/80

Fill in all blue shaded input cells

This worksheet is utilized to perform out the stabilized operations of the project utilizing the projected initial rental rates, the stabilized vacancy rates, and the anticipated full operating expenses of the project.

DEVELOPMENT INCOME

Annual TIF Reimbursements	\$0	0.0%	0.0%
Annual Gross Residential Rental Income	\$0	0.0%	0.0%
Annual Gross Commercial Rental Income	\$201,096	72.9%	72.9%
Annual Gross Hospitality Income	\$0	0.0%	0.0%
Annual Other Income	\$74,730	27.1%	27.1%
Gross Income	\$275,826	100.0%	100.0%
Vacancy Loss (Residential, Commercial, Hospitality)	\$0	0.0%	0.0%
Net Income Potential	\$275,826	100.0%	100.0%

DEVELOPMENT OPERATING EXPENSES

Administrative Expenses	+	\$0	0.0%	0.0%	
Management Fees			0.0%	0.0%	
Office Payroll			0.0%	0.0%	
Payroll Taxes			0.0%	0.0%	
Benefits/Worker's Comp.			0.0%	0.0%	
Advertising/Marketing			0.0%	0.0%	
Legal/Accounting			0.0%	0.0%	
General Office			0.0%	0.0%	
Other:			0.0%	0.0%	
Utilities	+	\$0	0.0%	0.0%	1.0%
Electricity			0.0%	0.0%	
Fuel			0.0%	0.0%	
Water & Sewer			0.0%	0.0%	
Maintenance/Non-Capitalized Repairs	+	\$0	0.0%	0.0%	1.0%
Maintenance/Janitorial Payroll			0.0%	0.0%	
Janitorial Supplies			0.0%	0.0%	
Extermination			0.0%	0.0%	
Rubbish Removal			0.0%	0.0%	
Snow Removal			0.0%	0.0%	
Lawn/Tree Maintenance			0.0%	0.0%	
Parking Lot Repairs			0.0%	0.0%	
Painting/Decorations/Cleaning			0.0%	0.0%	
Heating & Air Repairs			0.0%	0.0%	
Plumbing/Electrical Repairs			0.0%	0.0%	
Elevator Maintenance			0.0%	0.0%	
Vehicle/Equipment Maintenance			0.0%	0.0%	
Security			0.0%	0.0%	
Other:			0.0%	0.0%	
Other:			0.0%	0.0%	
Real Estate Taxes		\$114,000	41.3%	41.3%	2.0%
Tax Abatement (-)		\$55,000	19.5%	19.5%	
Property & Liability Insurance		\$14,500	5.2%	5.2%	3.0%
Reserve Requirements			0.0%	0.0%	3.0%
Other:			0.0%	0.0%	3.0%
Other:			0.0%	0.0%	3.0%
Total Expenses		\$74,730	27.1%	27.1%	
Cash Flow Available for Debt Service / NOI		\$201,096	72.9%	72.9%	
Amortizing Loans					
Loan 1 DS: Construction Loan		\$122,940	44.6%	44.6%	
Loan 2 DS: Seller Finance		\$111,763	40.5%	40.5%	
Loan 3 DS: xxx		\$0	0.0%	0.0%	
CRP Loan Debt Service		\$0	0.0%	0.0%	
Cash Flow Available for Distribution		\$88,407	-12.2%	12.7%	
Debt Service Coverage Ratio			0.86		

Loan 1 DS: Construction Loan	\$122,940	90	240	6.87%	5.75%
Loan 2 DS: Seller Finance	\$111,763	90	240	6.87%	5.75%
Loan 3 DS: xxx	\$0	0	0	0.00%	0.00%
CRP Conventional Loan	\$0	0	0	0.00%	0.00%

Development Name: 456 Charlotte
City/Township/Village: Detroit
County: Wayne
Construction Type: Rehabilitation
Property Type: Retail
Date: February 14, 2017

This worksheet is utilized as an input page only with information being utilized to populate information within the "Proforma" and "Cash Flow" worksheets.

[illegible]

Year	1990	1991	1992
1990	1.0%	1.0%	1.0%
1991	1.0%	1.0%	1.0%
1992	1.0%	1.0%	1.0%

[illegible]

	1990	1991	1992
1990			
1991			
1992			
TOTALS:			

	Year 1	Year 2	Year 3
1. <i>Chlorophyll a</i>	1.00	1.00	1.00
2. <i>Chlorophyll b</i>	1.00	1.00	1.00
3. <i>Chlorophyll c</i>	1.00	1.00	1.00
4. <i>Chlorophyll d</i>	1.00	1.00	1.00
5. <i>Chlorophyll e</i>	1.00	1.00	1.00
6. <i>Chlorophyll f</i>	1.00	1.00	1.00
7. <i>Chlorophyll g</i>	1.00	1.00	1.00
8. <i>Chlorophyll h</i>	1.00	1.00	1.00
9. <i>Chlorophyll i</i>	1.00	1.00	1.00
10. <i>Chlorophyll j</i>	1.00	1.00	1.00
11. <i>Chlorophyll k</i>	1.00	1.00	1.00
12. <i>Chlorophyll l</i>	1.00	1.00	1.00
13. <i>Chlorophyll m</i>	1.00	1.00	1.00
14. <i>Chlorophyll n</i>	1.00	1.00	1.00
15. <i>Chlorophyll o</i>	1.00	1.00	1.00
16. <i>Chlorophyll p</i>	1.00	1.00	1.00
17. <i>Chlorophyll q</i>	1.00	1.00	1.00
18. <i>Chlorophyll r</i>	1.00	1.00	1.00
19. <i>Chlorophyll s</i>	1.00	1.00	1.00
20. <i>Chlorophyll t</i>	1.00	1.00	1.00
21. <i>Chlorophyll u</i>	1.00	1.00	1.00
22. <i>Chlorophyll v</i>	1.00	1.00	1.00
23. <i>Chlorophyll w</i>	1.00	1.00	1.00
24. <i>Chlorophyll x</i>	1.00	1.00	1.00
25. <i>Chlorophyll y</i>	1.00	1.00	1.00
26. <i>Chlorophyll z</i>	1.00	1.00	1.00
27. <i>Chlorophyll aa</i>	1.00	1.00	1.00
28. <i>Chlorophyll ab</i>	1.00	1.00	1.00
29. <i>Chlorophyll ac</i>	1.00	1.00	1.00
30. <i>Chlorophyll ad</i>	1.00	1.00	1.00
31. <i>Chlorophyll ae</i>	1.00	1.00	1.00
32. <i>Chlorophyll af</i>	1.00	1.00	1.00
33. <i>Chlorophyll ag</i>	1.00	1.00	1.00
34. <i>Chlorophyll ah</i>	1.00	1.00	1.00
35. <i>Chlorophyll ai</i>	1.00	1.00	1.00
36. <i>Chlorophyll aj</i>	1.00	1.00	1.00
37. <i>Chlorophyll ak</i>	1.00	1.00	1.00
38. <i>Chlorophyll al</i>	1.00	1.00	1.00
39. <i>Chlorophyll am</i>	1.00	1.00	1.00
40. <i>Chlorophyll an</i>	1.00	1.00	1.00
41. <i>Chlorophyll ao</i>	1.00	1.00	1.00
42. <i>Chlorophyll ap</i>	1.00	1.00	1.00
43. <i>Chlorophyll aq</i>	1.00	1.00	1.00
44. <i>Chlorophyll ar</i>	1.00	1.00	1.00
45. <i>Chlorophyll as</i>	1.00	1.00	1.00
46. <i>Chlorophyll at</i>	1.00	1.00	1.00
47. <i>Chlorophyll au</i>	1.00	1.00	1.00
48. <i>Chlorophyll av</i>	1.00	1.00	1.00
49. <i>Chlorophyll aw</i>	1.00	1.00	1.00
50. <i>Chlorophyll ax</i>	1.00	1.00	1.00
51. <i>Chlorophyll ay</i>	1.00	1.00	1.00
52. <i>Chlorophyll az</i>	1.00	1.00	1.00
53. <i>Chlorophyll ba</i>	1.00	1.00	1.00
54. <i>Chlorophyll bb</i>	1.00	1.00	1.00
55. <i>Chlorophyll bc</i>	1.00	1.00	1.00
56. <i>Chlorophyll bd</i>	1.00	1.00	1.00
57. <i>Chlorophyll be</i>	1.00	1.00	1.00
58. <i>Chlorophyll bf</i>	1.00	1.00	1.00
59. <i>Chlorophyll bg</i>	1.00	1.00	1.00
60. <i>Chlorophyll bh</i>	1.00	1.00	1.00
61. <i>Chlorophyll bi</i>	1.00	1.00	1.00
62. <i>Chlorophyll bj</i>	1.00	1.00	1.00
63. <i>Chlorophyll bk</i>	1.00	1.00	1.00
64. <i>Chlorophyll bl</i>	1.00	1.00	1.00
65. <i>Chlorophyll bm</i>	1.00	1.00	1.00
66. <i>Chlorophyll bn</i>	1.00	1.00	1.00
67. <i>Chlorophyll bo</i>	1.00	1.00	1.00
68. <i>Chlorophyll bp</i>	1.00	1.00	1.00
69. <i>Chlorophyll bq</i>	1.00	1.00	1.00
70. <i>Chlorophyll br</i>	1.00	1.00	1.00
71. <i>Chlorophyll bs</i>	1.00	1.00	1.00
72. <i>Chlorophyll bt</i>	1.00	1.00	1.00
73. <i>Chlorophyll bu</i>	1.00	1.00	1.00

GROSS INCOME AND ALLOCATION		Plan 1	Plan 2	Plan 3
Reimbursed Expenses	\$5,718	\$74,730	2.5%	2.5%
		\$0		
		\$0		
		\$0		
		\$0		
TOTALS:	\$5,718	\$74,730		

This worksheet is utilized to provide a 20 Year operating projection following construction completion.

Inflation Factor Yr. 2

[illegible]

Annual Gross income from Condo Sales
Annual Gross Residential Rental Income
Annual Gross Commercial Rental Income
Annual Gross Hospitality Income
Annual Other Income
Gross Income
Vacancy Loss Residential
Vacancy Loss Commercial
Vacancy Loss Hospitality
Effective Income

[illegible]

- Administrative Expenses
- Utilities
- Maintenance/Rep./Capitalized Repairs
- Rent Leases Taxes
- Tax Abatement (-)
- Property & Liability Insurance
- Regulatory Requirements
- Other:
- Total Expenses

[illegible]

DEBT SERVICE REQUIREMENTS

Loan 1 DS:	Construction Loan
Loan 2 DS:	Self Finance
Loan 3 DS:	xxx
AP Conventional Loan	

Item	Amount	VO Period
34	\$85,800	34
35	\$85,800	35
36	\$710,000	36
37	\$0	37
38	\$0	38
39	\$0	39
40	\$0	40
41	\$0	41
42	\$0	42
43	\$0	43
44	\$0	44
45	\$0	45
46	\$0	46
47	\$0	47
48	\$0	48
49	\$0	49
50	\$0	50
51	\$0	51
52	\$0	52
53	\$0	53
54	\$0	54
55	\$0	55
56	\$0	56
57	\$0	57
58	\$0	58
59	\$0	59
60	\$0	60
61	\$0	61
62	\$0	62
63	\$0	63
64	\$0	64
65	\$0	65
66	\$0	66
67	\$0	67
68	\$0	68
69	\$0	69
70	\$0	70
71	\$0	71
72	\$0	72
73	\$0	73
74	\$0	74
75	\$0	75
76	\$0	76
77	\$0	77
78	\$0	78
79	\$0	79
80	\$0	80
81	\$0	81
82	\$0	82
83	\$0	83
84	\$0	84
85	\$0	85
86	\$0	86
87	\$0	87
88	\$0	88
89	\$0	89
90	\$0	90
91	\$0	91
92	\$0	92
93	\$0	93
94	\$0	94
95	\$0	95
96	\$0	96
97	\$0	97
98	\$0	98
99	\$0	99
100	\$0	100

Credit Service Coverage Ratio
 Other Debt Obligations
 Subordinated Junior Equity
 Other Subordinated Obligations
 Cash Flow Available for Distribution
 Debt-Eligible Reserve

[illegible]

Porting Data

537,286	539,243	542,733	518,182	528,714	534,448	542,428	550,848	560,111	567,823
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